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In The

Supreme Court of the United States

October Term, 1996

MUSCO CORPORATION and MUSCO SPORTS LIGHTING, INC.,

Petitioners,

vs.

QUALITE, INC. d.b.a. QUALITE SPORTS LIGHTING, INC.,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

I. Did the Federal Circuit Court of Appeals, in failing to reexamine its precedent in light of this Court's recent decision in *Markman v. Westview Instruments* , err in applying a *de novo* standard of review to the issue of patent written description enablement, thus abrogating Petitioner's Seventh Amendment right to a jury trial on the issue of enablement?

II. Regardless of how the standard of review is interpreted, did the Court of Appeals invade the province of the jury by substituting its own judgment on the issue of enablement, thereby violating Petitioner's Seventh Amendment constitutional right to a jury trial in patent cases?

RULE 29.6 STATEMENT

Musco Corporation is the parent company of wholly-owned subsidiary Musco Sports Lighting, Inc., and there are no other parent companies and there are no non-wholly owned subsidiaries, except for Wolfram Electric, Inc., Musco-Poongsan, and Dev-Musco PTY, LTD with respect to Musco Corporation.

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Petitioner requests that this Court issue a writ of certiorari to review a judgment of the United States Court of Appeals for the Federal Circuit entered January 17, 1997 (combined petition for rehearing and suggestion for rehearing in banc denied February 26, 1997).

OPINIONS BELOW

The January 17, 1997 opinion of the Federal Circuit Court of Appeals is not reported but is reprinted in Appendix C of this petition. The relevant district court opinions are unreported, but include the orders and opinions of October 11, 1995 and January 17, 1996, expressing the district court's holding that three of Petitioners' patents were not invalid and were infringed. These are reprinted as Appendices E and D, respectively. The February 26, 1997 order of the Federal Circuit denying rehearing or rehearing in banc is reprinted as Appendix B.

STATEMENT OF JURISDICTION

Jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This petition does not involve interpretation of any constitutional provision or United States statute, but does involve the first paragraph of 35 U.S.C. § 112 and the Seventh Amendment to the Constitution regarding the right to jury trial.

35 U.S.C. § 112, first paragraph:

> The specification shall contain a written description of the invention, and of the

> manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

United States Constitution, Amendment VII:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of The United States, than according to the rules of the common law.

STATEMENT OF THE CASE

Musco Corporation and Musco Sports Lighting, Inc. (Musco) manufacture, sell, and install lighting systems, such as those used to light athletic fields (*e.g.*, baseball, softball, football, etc.) as well as other large scale lighting applications such as outdoor movie sets and special events (*e.g.*, space shuttle launches, Olympics, Super Bowl, Rose Bowl, etc.) Musco has also received awards such as an Oscar, an Emmy, and the prestigious Waterbury Award (given by the Illuminating Engineering Society (IES)) [7665, 7667-9][1] for its technological contributions to lighting.

Musco holds numerous patents on its lighting innovations.

1. Throughout, cites to the Federal Circuit appeal appendix pages will be shown in brackets or parentheses.

The three patents at issue here relate to methods of using powerful light sources to maintain required lighting uniformity and intensity across sports fields, while at the same time diminishing or eliminating glare in the eyes of athletes and spectators, and diminishing or eliminating glare and spill light off the field (such as neighboring houses or drivers of cars on adjacent roads).

Musco's '934 patent, the focus of the case at bar, was the first ever successful total system for combining athletic lighting for glare, spill and halo effect control, as well as directional control and efficiency [3915, 3920—Crookham testimony]. After appropriate analysis of a playing field (target area), selective use of specific light controlling steps allowed, for the first time ever, beam control coupled with efficient lighting thus solving the problems that were continually plaguing athletic field lighting. The '934 patent is attached at Appendix G to this petition for reference.

Qualite, like Musco, General Electric, Sylvania and others, prior to introduction of the '934 invention, was simply selling conventional symmetrical reflectors with high intensity discharge lamps [3866-67, 4113—Crookham testimony]. These provide no selectivity and no available means or method for beam control, other than devices that blocked light.

The Musco patented methods have achieved commercial success and have solved previously unsolved athletic field lighting problems, both with respect to newly constructed and retrofitted lighting systems.

A. Procedural History

In 1992 Musco sued Qualite, Inc. d/b/a Qualite Sports Lighting, Inc. (Qualite) for infringement of the three patents,

seeking an injunction against future infringement and damages for past infringement under the Patent Act, 35 U.S.C. § 1, *et seq.* A jury was requested. Qualite denied infringement and pled that the patents were invalid.

After an approximately three week trial, the jury returned a verdict upholding the validity of the three Musco patents, finding infringement, and awarding damages of $675,000 (Appendix F). The District Court for the Western District of Michigan entered judgment on the jury verdict and issued a permanent injunction (Appendix E, pp. 57a-58a). Qualite filed post-trial motions again arguing, *inter alia*, that the patents were not infringed, were invalid, that damages were not proven, and the injunction should be vacated. The trial court denied these motions and maintained the permanent injunction (Appendix D, pp. 34a-38a). An appeal to the Federal Circuit followed with jurisdiction under 28 U.S.C. § 1295(a)(1).

B. The Court of Appeals Decision

The Federal Circuit reversed the jury verdict and trial court judgment and vacated the injunction in a 5 page *per curiam* opinion (Appendix C). The basis for the reversal was that the Federal Circuit concluded the Musco patents were invalid for lack of enablement under 35 U.S.C. § 112, stating the issue was reviewable *de novo*. Since an invalid patent cannot be infringed, the jury's infringement and damages findings were reversed and the injunction vacated.

Musco filed a combined petition for rehearing and suggestion for rehearing in banc, pointing out that (1) the Federal Circuit erred in reviewing the issue of enablement *de novo* and (2) even under the Federal Circuit's own precedent, a *de novo* review without deference to the jury's factual findings effectively denied Musco its Seventh Amendment right to a jury trial on

the issue of enablement. The Federal Circuit denied the combined petition without comment (Appendix B), and the mandate issued (Appendix A).

REASONS FOR GRANTING THE WRIT

I.

THE FEDERAL CIRCUIT HAS ACTED AGAINST CONTROLLING AUTHORITY RECENTLY ANNOUNCED BY THIS COURT IN REVIEWING THE ISSUE OF ENABLEMENT *DE NOVO*, THUS PUTTING ALL PATENTEES AT RISK OF LOSING THEIR SEVENTH AMENDMENT RIGHT TO A JURY TRIAL ON THE ISSUE OF ENABLEMENT.

Recently this Court has taken several patent cases and reviewed Federal Circuit rulings. One in particular looked at the proper role between judge and jury in patent cases. *See Markman v. Westview Instruments, Inc.*, 116 S. Ct. 1384, 1389 (1996). The petitioner in *Markman* argued that the Federal Circuit violated its Seventh Amendment right to jury trial by making into a pure question of law for the judge that which what was previously treated as a question of fact proper for the jury.

The importance of the maintenance of the jury as the fact-finding body in American civil law cases was acknowledged and this Court, in detail, analyzed and announced the appropriate tests to decide what patent law issues are appropriate for the jury. Part of that analysis involved a comprehensive historical review.

This Court held that one must look back in history (prior to the adoption of the Seventh Amendment) and see how an issue

was treated, *i.e.*, whether it was conventionally presented to a jury or reserved for the judge. Once the foregoing question was answered, the appropriate standard of review for appellate courts would follow, namely that deference must be given to the jury factual findings, whereas questions of law decided by the trial judge could be looked at fresh by the reviewing court.

The present case does not deal with patent claim construction as in *Markman*, but with the issue of enablement under 35 U.S.C. § 112, first paragraph, reproduced above. However, *Markman* gave explicit instruction to the courts regarding how the issue of enablement should be treated. The Federal Circuit has failed to reexamine its precedent in view of *Markman*, continuing instead to review jury findings on enablement *de novo*.

A. This Court Announced In *Markman v. Westview Instruments* That Enablement Is One Issue In Patent Law That Unquestionably Has Been An Issue Of Fact Appropriate For The Jury.

Whether enablement is a jury question depends on whether it was treated as such at the time of adoption of the Seventh Amendment. This Court has just recently dealt with that precise issue — what is the proper role between jury and judge on the issue of enablement in patent cases. In *Markman v. Westview Instruments, Inc.*, 116 S. Ct. 1384, 1389 (1996), Justice Souter began his opinion by stating:

> The Constitution empowers Congress "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." United States Constitution, Art. I § 8, cl. 8.

> Congress first exercised this authority in 1790, when it provided for the issuance of "letters patent,": Act of Apr. 10, 1790, ch. 7, § 1, 1 Stat. 109, which, like their modern counterparts, granted inventors "the right to exclude others from making, using, offering for sale, selling, or importing the patented invention," in exchange for full disclosure of an invention, H. Schwartz, Patent Law and Practice 1, 33 (2d ed. 1995). It has long been understood that a patent must describe the exact scope of an invention and its manufacture to "secure to [the patentee] all to which he is entitled, [and] to apprise the public of what is still open to them". [case cite omitted]. Under the modern American system, these objectives are served by two distinct elements of a patent document. First, it contains a specification describing the invention "in such full, clear, concise, and exact terms as to enable any person skilled in the art. . . . to make and use the same." 35 U.S.C. § 112; *see also* 3 E. Lipscomb, Walker on Patents § 10:1, pp. 183-184 (3d. ed. 1985).

Markman at 1387-88.

Justice Souter confirmed that the "historical test" is used to determine if an issue is triable to a jury under the Seventh Amendment to the United States Constitution:

> [W]e ask, first, whether we are dealing with a cause of action that either was tried at law at the time of the Founding or is at least analogous to one that was, [case cite

> omitted]. If the action in question belongs in the law category, we then ask whether the particular trial decision must fall to the jury in order to preserve the substance of the common-law right as it existed in 1791.

Markman at 1389.

As to the first question, the Justice concluded ". . . there is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago." (citing *Bramah v. Hardcastle,* 1 Carp. P.C. 168 (K.B. 1789)). *Markman* at 1389.

As to the second question, the Court stated:

> [I]n some instances the answer to this second question may be easy because of clear historical evidence that the very subsidiary question was so regarded under the English practice of leaving the issue for a jury.

Id. at 1389.

While *Markman* dealt with the issue of whether the jury or the judge was to construe the meaning of patent claims, it historically reviewed various other patent law issues before it evaluated claim construction, because claim construction had no clear historical treatment as a question of law or a question of fact. In doing so, Justice Souter addressed enablement:

> "At the time relevant for Seventh Amendment analogies, in contrast, it is the *specification*, itself a relatively new development, H. Dutton, The Patent System and Inventive

> Activity During the Industrial Revolution, 1750-1852, pp. 75-76 (1984), that represented the key to a patent. Thus, patent litigation in that early period was typified by so-called novelty actions, testing whether "any essential part of [the patent had been] disclosed to the public before," [case cite omitted] *and "enablement" cases, in which juries were asked to determine whether the specification described the invention well enough to allow members of the appropriate trade to reproduce it*, see, *e.g.*, *Arkwright v. Nightingale*, Dav. Pat. Cas. 37, 60 (C.P. 1785). (emphasis added).

Markman at 1391.

Other common law jury trial enablement cases exist. The case of *Liardet v. Johnson* (K.B.1778), is discussed in J. Oldham, *The Mansfield Manuscripts and the Growth of English Law in the Eighteenth Century* 756 (1992) as a leading King's Bench decision where the judge instructed the jury to decide the enablement issue. *See also Hornblower v. Boulton*, Davies Patent Cases 221 (K.B. 1799)[2], a case involving "a method of lessening the consumption of steam and fuel in fire-engines" invented by James Watt, where the defendant argued the specification was inadequate. The judge stated:

> [w]hether those directions [to enable a workman to execute the invention] were or were not sufficient, is not now a question for our decision; it was a question for the determination of the jury, and they have decided it.

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2. Although technically after the adoption of the Seventh Amendment, cases in that time period are viewed as instructive to the issue at hand.

Therefore, *Markman* unequivocally determined that what is now the modern issue of enablement in 35 U.S.C. § 112 was a proper matter for juries at the relevant historical time. The opposite was found true regarding construction of the meaning of terms in the patent claims. Although the *Markman* case and the case at bar diverge at that point, the instruction given by this Court's *Markman* opinion is directly on point in the case at bar.

Markman therefore confirmed enablement is a predominantly factual inquiry appropriate for the jury. Once determined by the jury, it is axiomatic under our established system of appellate review that the jury's findings are entitled to deference and should be left undisturbed absent clearly erroneous findings or lack of substantial evidence to support the findings.

B. The Federal Circuit Failed To Reexamine Its Holding In Light Of This Court's Directives In *Markman*.

It is incumbent upon the Federal Circuit to reexamine its decisions to ensure that they comport with this Court's directives in *Markman*. The Federal Circuit either abjectly failed to analyze its holding in light of *Markman* or engaged in a considered refusal to do so. Musco filed a petition for rehearing and suggestion for rehearing in banc, giving the Federal Circuit another chance to do so, but the petition was summarily denied. (Appendix B). The *Markman* case is controlling authority and the lower court *cannot* simply ignore it.

This Court went to the trouble to evaluate the proper roles of judges and juries in patent cases, and as a result, that analysis should control the Federal Circuit's handling of standards of appellate review. The *Markman* case, decided only last spring, has dominated the patent bar, the federal courts, and patent holders since that time (and actually prior thereto — *i.e.*, since the Federal Circuit decision in *Markman*).

C. The Federal Circuit's Decision Matters To All Patentees And Creates Great Uncertainty For The Patent System.

How enablement is reviewed by the Federal Circuit will affect the entire community of patent holders and the federal trial courts. As discussed at the end of the *Markman* opinion, the Federal Circuit was established in the beginning of the 1980's to instill uniformity to the patent law and to foster more certainty in outcomes of patent litigation. The hoped-for result would be increased confidence in the patent system and a strengthening which would assist in advancing the goals of protection of intellectual property laid out in our Constitution.

Markman concludes that the correct entity to construe patent claims is the trial judge as opposed to the jury, and that like other written documents (contracts, statutes), this is a question of law which in the hands of judges will achieve more uniformity and certainty than with juries.

On the other hand, *Markman* also discussed that the historical handling of enablement issues by juries is based on the premise that enablement is predominantly a factual issue. Thus, under our Constitution, for time-tested and valid policy reasons, patent litigants are given the *right* to expect and be granted a jury trial on that issue and, as a result, deference is to be given the jury findings on the issue.

Neither Congress nor the trial courts have any intent to place themselves in the shoes of the hypothetical "person skilled in the art". No judge could, even if the judge wanted to. Neither Congress nor the trial courts presuppose themselves to know and understand all that a person skilled in the particular art at hand knows and understands. But the Federal Circuit in effect has — by reviewing *de novo* and reaching its own conclusion on enablement in its decision at bar.

If allowed to stand, a cloud of uncertainty will exist over every patent and every patentee. Patentees will have to be advised as follows: Even if a jury and trial court, after receiving competent evidence on the factual underpinnings of enablement, seeing cross-examination and rebuttal evidence, and evaluating the same after proper instruction of the trial court, uphold the validity of a patent attacked for lack of enablement, that result is subject to a different opinion by a panel of three appellate judges. The expense and risk of a trial, the handling of the issue by a jury, the review of the finding under the clearly erroneous or substantial evidence test of the trial judge, will all be subject to a completely unrestrained, new look by the Federal Circuit panel.

It is not mere speculation that the Federal Circuit judges routinely are not "persons skilled in the art" of the patents they review. As in the case at bar, litigants (whether they won or lost at trial) will be handed the uncertainty that the appellate panel will disagree with the jury. This is not the type of uniformity Congress intended the Federal Circuit to foster. But more pointedly, it is directly in conflict with the predominating right given to United States citizens under the Seventh Amendment. *Markman* tells us enablement is a factual issue properly in the domain of the jury. There is no sound reason why the Federal Circuit has not evaluated its rulings accordingly and treated the jury findings of enablement appropriately under the controlling law regarding appellate review of such findings. The public has a distinct interest in correcting this situation.

II.

REGARDLESS OF THE INTERPRETATION OF THE STANDARD OF REVIEW USED BY THE FEDERAL CIRCUIT, IT INVADED THE JURY'S PROVINCE BY REACHING ITS OWN CONCLUSIONS ON FACTUAL ISSUES THAT HAD BEEN FULLY LITIGATED AND DECIDED BY THE JURY AT TRIAL, THEREBY USURPING THE JURY'S FUNCTION AND VIOLATING THE PETITIONERS' CONSTITUTIONAL RIGHT TO A JURY TRIAL AND APPELLATE DEFERENCE TO THE JURY'S FINDINGS.

Even though the Federal Circuit's opinion held that it reviews enablement *de novo*, it did acknowledge that there "may be underlying fact issues" (Appendix C, p. 6a). The Federal Circuit also cited its prior authority which essentially states the same standard. The Federal Circuit's recited standard is that although enablement is ultimately a question of law, there may be underlying factual issues involved appropriate for a jury and for which deference is due. *See, e.g., Moleculon Research Corp. v. C.B.S., Inc.*, 793 F.2d 1261, 1268 (Fed. Cir. 1986); *Quaker City Gear Works, Inc. v. Skil Corp.*, 747 F.2d 1446, 1453-54 (Fed. Cir. 1984).

During trial of this case Musco put on substantial evidence on whether one of ordinary skill in the art would be able to make and use the claimed invention.[3] The jury heard this evidence, was properly instructed on the standard for enablement, and returned a verdict upholding the validity of the patent. (A-1588). The District Court then, after reviewing the

3. This was confirmed by the trial court denying Qualite's Rule 50 motion which argued no reasonable juror could find the patent satisfied 35 U.S.C. § 112. (A40-61). *See also* for example, A4879-4888, trial testimony where inventor Gordin explains how the invention can be practiced.

substantial evidence presented on enablement, entered judgment on the verdict. (A-1861-1881).[4] The panel of the Federal Circuit, however, chose to ignore findings made in the lower court and usurped the role of the jury in substituting its own judgment on the question of enablement. The Federal Circuit essentially overruled the jury's finding.

A. The Federal Circuit Violated Its Own Precedent By Overruling The Implicit And Inherent Finding Of The Jury On Enablement.

On the proper roles of a judge and jury on the question of enablement, the Federal Circuit has offered the following:

> The Court may submit the legal issue such as enablement to the jury under Rule 49(a), but if it does, *the Court may not make subsequent findings which overrule an implicit and inherent finding of the jury.*

Spectra-Physics, Inc. v. Coherent, Inc., 827 F.2d 1524, 1533 (Fed. Cir. 1997) (emphasis added). That is, if enablement has underlying factual issues, the Federal Circuit cannot review the issue *de novo*. But this is what occurred. If the trial court, as in this case, submits the legal issue of enablement to the jury, the appellate court may not make subsequent findings which overrule the implicit and inherent finding by the jury. Ignoring a jury's finding on underlying factual issues predicate to a determination on enablement effectively usurps the role of the jury and denies Musco its Seventh Amendment constitutional right to a jury trial.

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4. Respondent Qualite filed a post trial JMOL arguing no reasonable juror could have found the patent valid under 35 U.S.C. § 112. The trial court denied the motion. (A40-61).

Musco alleged Qualite infringes claim 14 of U.S. Patent No. 4,725,934 (the '934 patent'), claims 1-3 of U.S. Patent No. 4,947,303 (the '303 patent), and claims 1, 3-5, 11 and 13 of U.S. Patent No. 5,075,828 (the '828 patent). On appeal the Federal Circuit based its analysis on claim 14 of the '934 patent, as most of the trial record had been developed around this claim and it is representative of the other claims at issue. The court focused entirely on the method of "selectively utilizing" one or more various apparatus to solve the problems in identifying the determining steps of claim 14. The Federal Circuit correctly noted that Musco must disclose a basis on which a skilled artisan can make the selection.

As in *Spectra-Physics, supra*, the question of enablement in the present case was submitted to the jury. The jury was also properly instructed on the standard for enablement.[5] After weighing the substantial evidence and testimony presented by Musco during trial on the issue of whether one of ordinary skill in the art could make and use the invention based on the specifications, the jury returned a verdict upholding the validity of the patents. (A1558). So, too, the District Court, after studying the specification, evidence, and testimony, entered judgment on the jury verdict. (A40-61).

But several things are noticeably lacking in the short, summary Federal Circuit opinion. There is no mention of the jury and its findings; there is no mention of the evidence that was presented by Musco in support of the validity of its patents; and there is no mention of the underlying factual issues that arise in enablement cases. Rather, the Federal Circuit substituted itself for the jury and made its own independent findings as to what one of ordinary skill in the art would know how to make and use from a reading of the specification.

5. The jury instruction on enablement is not in the appendix before the Court, but is a standard instruction from the Delaware Uniform Patent Jury Instructions.

Here, the Federal Circuit has done exactly what it admonished the District Court in *Spectra-Physics* not to do. Musco urges that this aspect of the decision shows clearly that the panel applied a standard of review far outside the limits imposed by this Court in *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 123, 89 S. Ct. 1562, 1576 (1959):

> [A]ppellate courts must constantly have in mind that their function is not to decide factual issues *de novo*. The authority of an appellate court, when reviewing the findings of a judge as well as those of a jury, is circumscribed by the deference it must give to decisions of the trier of fact, who is usually in a superior position to appraise and weigh the evidence.

In *Inwood Laboratories v. Ives Laboratories, Inc.*, 456 U.S. 844, 857 (1982), this Court was even more specific:

> An appellate court cannot substitute its interpretation of the evidence for that of the trial court simply because the reviewing court might give the facts another construction, resolve the ambiguities differently, and find a more sinister cast to actions which the District Court apparently deemed innocent.

It is clear that contrary to the precedent cited above, what the Respondent asked the Federal Circuit panel to do — and what in fact it did — was precisely what this Court said in *Inwood Laboratories* that it should not do, namely "substitute its interpretation of the evidence for that of a trial court."

Nowhere in the Federal Circuit's opinion is there any

deference given to the jury's findings of fact on enablement issues. The jury, not the Federal Circuit, heard testimony on the level of ordinary skill in the art — the focus of the enablement inquiry. The Federal Circuit instead placed itself in the position of one of ordinary skill in the art, totally ignored the jury's findings, and invalidated Musco's patents under the invocation of the bare statement that enablement is a question of law reviewable *de novo*. In short, the Federal Circuit's decision effectively overruled the jury's findings on enablement and constitutes reversible legal error.

B. The Federal Circuit Opinion Gives The Completely Unfounded Impression That There Was No Support For The Jury's Finding Of Enablement.

Every issued U.S. Patent is endowed by statute with a presumption of validity. 35 U.S.C. § 282. The Federal Circuit makes no mention of this presumption or the fact that the Patent Office did not raise any objection to claim 14 based on enablement. The effect of the presumption is that the party attacking validity has the burden of proof on the issue. Furthermore, established law raises that burden of proof to "clear and convincing" evidence, as opposed to a mere preponderance, to rebut the presumption. *Northern Telecom, Inc. v. Datapoint, Corp.*, 908 F.2d 931, 941 (Fed. Cir. 1990), *cert. denied*, 498 U.S. 920 (1990).

The court's holding never mentions this evidentiary posture in the trial court, particularly that Musco had no burden whatsoever to prove validity of the patent under 35 U.S.C. § 112 enablement. And the jury verdict found Qualite had *not* proved the three patents at issue invalid (*see* Appendix F, p. 61a, ¶ II.5).[6] The Federal Circuit, without mention of the presumption,

6. The verdict form covered all invalidity defenses raised by Qualite in (Cont'd)

the jury, the trial court, or the PTO findings, shows that it assumed the role of one skilled in the art and then rendered a decision on the issue which is directly opposite to the findings of the other three bodies.

The Federal Circuit did call out the basic rules regarding enablement. At page 2 of its opinion, it recites that enablement can be established by "illustrative examples" that gives one skilled in the art "reasonable guidance" how to practice the invention, and allows that some experimentation is possible. However, the Federal Circuit makes no analysis of the '934 patent specification.

The impression one gets from the Federal Circuit opinion is that there was simply no evidence to support enablement — *i.e.*, how to make and use the claimed inventions. The Federal Circuit mentions but one short, isolated piece of trial testimony, apparently in an attempt to support its conclusion.

But the court makes no analysis of the other testimony and evidence introduced during the trial, which lasted several weeks. If the Federal Circuit had believed that there was not substantial evidence to support the jury's conclusion, it should have said so and given its reasons why.

The Federal Circuit simply concluded: "Unfortunately for Musco, the patent specifications do not enable one skilled the art to practice this 'invention.' We can find no answer to Qualite's rhetorical question: '[O]n what basis do I make the selection?' " (Appendix C, p. 9a). It also concluded: ". . . . [T]he specification

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(Cont'd)
one special interrogatory, and therefore did not segregate out the issue of enablement. However, as previously mentioned, the trial court instructed the jury on each of those defenses *including* enablement, and there was no objection by the Defendant Qualite to the instruction.

provides no guidance for the skilled artisan to follow in order to practice the invention." (Appendix C, p. 10a).

Therefore, it is submitted that the Federal Circuit had a misapprehension, based on Qualite's briefing, that there was no answer to how one selects between the options. The answer is the jury reviewed the patent specification and heard testimony, both lay and expert, on whether one skilled in the art is given enough guidance from the patent specification to make and use the invention, *and found it so*! The specification therefore follows precisely what the court states is acceptable enablement under the statute.[7]

C. The Federal Circuit Ignored Substantial Evidence Supporting The Jury Verdict.

In direct contrast to the impression given by the Federal Circuit opinion, support for the jury finding on enablement is plentiful. The Federal Circuit set forth the text of claim 14 in its opinion (Appendix C, pp. 7a-8a). The first paragraph of claim 14 defines a "method" that is comprised of "steps" which are spelled out thereafter. The first three "steps" (each beginning with the verb "determining") are not addressed by the Federal Circuit in its opinion and thus are not at issue. The last step, beginning with the verb "producing" has sub-steps that are as follows:

producing wide scale composite lighting

---

7. It bears mentioning also that Qualite itself treated enablement as being based on factual inquires, did not raise an objection on appeal to the jury instruction or giving the question to the jury, and agreed that enablement is controlled by whether one skilled in the art could make and use the invention claimed. (*See* Qualite principle appeal brief, pp. 36-42). That Qualite argued it put on evidence against a finding of enablement completely ignores (a) the jury found otherwise, and (b) the trial court found substantial evidence to support that verdict.

> while at the same time controlling, diminishing, or eliminating selected wide scale lighting problems by selectively utilizing one or more light controlling steps comprising;
>
> shielding a portion of the lamp;
>
> positioning a reflector extension member on the reflector; and
>
> altering the reflecting properties of the interior reflecting surface of the reflector.

First, the Federal Circuit asserts the patent specification is completely absent of instruction on these steps. To the contrary, below is a brief recital of how the '934 specification (Exhibit G) provides "illustrative examples" and "reasonable guidance" the Federal Circuit has held are acceptable to support enablement:

> 1. Abstract (A2186) — Tells the reader that an altered surface of the reflector (here a reflector insert) "diverges light downward"; that the visor blocks and redirects light and reflected light from upward to downward; and the lamp shield (the shielding of a portion of the lamp) prevents unreflected light from causing glare in the eyes of viewers.
>
> 2. Col. 1 (A2189) — the background of the invention gives examples of how existing symmetrical reflector, high intensity lamps create glare and spill light, by spilling over onto property neighboring an athletic field, by shining in drivers' eyes, and spectators' eyes. It also indicates that existing attempts at glare and spill control have been unsuccessful.

3. Col. 2 (A2189, lns. 7-24) — explains that the problem is to balance the competing needs of (a) diminishing or eliminating glare and spill without (b) diminishing the amount or uniformity of light to the target. One can effectively eliminate glare by blocking most of the light, but there would not be enough light to play the game on the field. Therefore, the inventors identified three specific areas of the conventional symmetrical light fixture which could be used to solve the dilemma posed above.

4. Summary of the invention (A2189-90) — the summary lays out *again* how each of the three accessories, in each of the three areas (the rim of the reflector, the lamp, and the reflector surface) could be modified to address glare and spill but maintain light levels to the field. The summary ends with an explicit discussion of the method of the patent — any one can be used or any combination.

5. Cols. 3-6 (A2190-91) — The detailed description then goes into specific detail about how the preferred embodiment of each accessory can be formed, what it accomplishes relative to glare and spill control and what it accomplishes relative to maintaining light level and uniformity on the field. This portion of the specification lays out illustrative examples of why you would use each, as well as how they interact. It also gives guidance to the reader that they can be used singly or in combination, depending on the need; i.e. when and why each would be "selectively utilized".

Secondly, the Federal Circuit makes no attempt whatsoever to analyze the record of the two week trial for support for enablement. Following is a brief recital of examples of trial

testimony that involved issues of whether one of ordinary skill in the art could "make and use" the claimed invention without undue experimentation:

> 1. Testimony of inventor Gordin and President Crookham of Musco;
>
> 2. One half trial day of live demonstrations showing various lighting problems and how they were solved by the methodology of the claimed inventions;
>
> 3. Cross-examination of defendants witnesses, including defendants technical expert;
>
> 4. Rebuttal testimony of Gordin and Crookham.

Had the Federal Circuit given proper deference to the balance of the jury's role and the court's role in patent cases, they may have reached a different result. This is not a situation where no evidence to support the jury's findings existed. Accordingly, this was not harmless error.

The Federal Circuit abrogated its responsibility to evaluate the entire record under the "substantial" evidence test and give deference to the jury findings. The Federal Circuit either consciously ignored the evidence that supports enablement or reached a different conclusion from the jury.

D. The Handling Of Enablement In This Case By The Federal Circuit Matters To All Patentees Because It Can Eliminate The Deference Due To Jury Findings Underlying The Enablement Issue.

The treatment of enablement by the Federal Circuit, even without arguing about the standard of review, is of great

importance to patent holders. In one fell swoop, the Federal Circuit, as the reviewing court, can take an issue fully litigated and submitted to a jury, and although its own precedent recognizes the existence of fact issues underlying the ultimate legal question, can assume the role of a person skilled in the art and substitute its own judgment for that of the jury. No appellate court should be allowed to do so under the guise of calling the issue an "issue of law" and applying a *de novo* review.

CONCLUSION

For the reasons stated, a writ of certiorari should issue to review the judgment of the United States Court of Appeals for the Federal Circuit.

Respectfully submitted,

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APPENDIX A — JUDGMENT/MANDATE OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT ISSUED MARCH 5, 1997

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

96-1212,-1217

MUSCO CORPORATION; MUSCO SPORTS LIGHTING, INC.,

Plaintiffs/Cross-Appellants,

v.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Defendants-Appellants.

JUDGMENT

ON APPEAL from the

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN

In CASE NO(S).

1-94-CV-592

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

Appendix A

REVERSED AND VACATED

ENTERED BY ORDER OF THE COURT

DATED JAN 17 1997 s/ Jan Horbaly
Jan Horbaly, Clerk

ISSUED AS A MANDATE: March 5, 1997

APPENDIX B — ORDER DENYING PETITION FOR REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT FILED FEBRUARY 26, 1997

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

96-1212,-1217

MUSCO CORPORATION; MUSCO SPORTS LIGHTING, INC.,

Plaintiffs/Cross-Appellants,

v.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Defendants-Appellants.

ORDER

Appendix B

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the CROSS-APPELLANT, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on March 5, 1997.

FOR THE COURT,
JAN HORBALY, CLERK

Dated: February 26, 1997

By s/ Brian P. LeDuc
Brian P. LeDuc
Associate Chief Deputy Clerk

cc: MARSHALL G. MACFARLANE
EDMUND J. SEASE

Note: Pursuant to Fed. Cir. R. 47.6, this order is not citable as precedent. It is a public record.

APPENDIX C — NOTICE OF ENTRY OF JUDGMENT AND THE OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT DECIDED JANUARY 17, 1997

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

96-1212,-1217

MUSCO CORPORATION; MUSCO SPORTS LIGHTING, INC.,

Plaintiffs/Cross-Appellants,

v.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Defendants-Appellants.

DECIDED: January 17, 1997

Before MAYER, SCHALL, and, BRYSON, *Circuit Judges.*

PER CURIAM.

Qualite, Inc. appeals the judgment of the United States District Court for the Western District of Michigan, Case No. 1-94-CV-592, holding that Qualite infringes method claims in three patents owned by Musco Corporation and Musco Sports Lighting, Inc. (Musco). Because the asserted claims are invalid for lack of enablement, 35 U.S.C. § 112 (1994), we *reverse* the judgment and *vacate* the permanent injunction.

Appendix C

A patent's specification must set forth "a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same". 35 U.S.C. § 112. Section 112 requires only an objective enablement; the invention needs to be sufficiently disclosed through illustrative examples of terminology to teach those of ordinary skill in the art how to make and how to use the invention as broadly as it is claimed. *In re Marzocchi,* 439 F.2d 220, 223, 169 USPQ 367, 369 (CCPA 1971). Although some experimentation on the part of the artisan is not fatal, *Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 941, 15 USPQ2d 1321, 1329 (Fed. Cir. 1990) (the patent document need not be a production specification), either the experimentation must be routine, or the specification must give "a reasonable amount of guidance with respect to the direction in which the experimentation should proceed to enable the determination of how to practice a desired embodiment of the invention claimed." *PPG Indus., Inc. v. Guardian Indus. Corp.*, 75 F.3d 1558, 1564, 37 USPQ2d 1618, 1623 (Fed. Cir. 1996). Enablement is a question of law, which we review de novo, although there may be underlying factual issues, *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1268, 229 USPQ 805, 810 (Fed. Cir. 1986); *Quaker City Gear Works, Inc. v. Skil Corp.*, 747 F.2d 1446, 1453-54, 223 USPQ 1161, 1166 (Fed. Cir. 1984), to which deference would be due.

Musco alleges that Qualite infringes claim 14 of U.S. Patent No. 4,725,934 (the '934 patent), claims 1-3 of U.S. Patent No. 4,947,303 (the '303 patent), and claims 1, 3-5, 11 and 13 of U.S. Patent No. 5,075,828 (the '828 patent).* We use claim 14

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* The '303 and '828 patents were issued on continuation-in-part applications related to the '934 patent and disclose the use of additional (Cont'd)

of the '934 patent because most of the trial record has been developed around this claim and because in all relevant respects it is representative of the other claims in issue. Claim 14 reads:

> A method for producing wide scale, composite lighting of desired and sufficient intensity, quality, and uniformity in and throughout a target space while selectively controlling, diminishing, or eliminating glare, spill light, and any dome or halo effect outside of the target space, said lighting being produced by one or more lamps mounted in reflector, comprising luminaire assembly units, comprising the steps of:
>
> determining the light producing characteristics of each luminaire assembly unit;
>
> determining the sufficient intensity and uniformity of light desired for the target space;
>
> determining the glare, spill light, and dome or halo effect problems, if any, for conventional wide scale lighting of the target space;
>
> producing wide scale composite lighting while at the same time controlling,

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(Cont'd)
apparatus in the selective utilization process. The asserted claims in all three patents are method claims.

> diminishing, or eliminating selected wide scale lighting problems by selectively utilizing one or more light controlling steps comprising:
>
> shielding a portion of the lamp;
>
> positioning a reflector extension member on the reflector; and
>
> altering the reflecting properties of the interior reflecting surface of the reflector.

Musco avers that its claimed invention comprises neither the apparatus used in the method nor the determining steps cited in the claims, when used alone or in combinations. Instead, it asserts that the essence of its claimed invention is the method of "selectively utilizing" one or more of the various apparatus to solve the problems identified by the determining steps. Qualite responds that Musco's claims include impermissible mental process steps, such as determining the lighting problems and selectively utilizing the accessories. Musco replies that Qualite's enablement challenge is merely a demand "that every detail of anything related to the invention or specification be disclosed in minutiae."

Musco is correct that disclosure of every detail is unnecessary, but a patent specification must disclose enough that the claimed invention can be practiced by one skilled in the art. Assuming, *arguendo,* that the essence of the invention is the "selective utilizing" method referenced in the asserted claims, Musco must disclose the patented basis on which the skilled artisan can make the selection. To satisfy this

requirement, it argues that the selection is made as a result of a mental step, which can be found in previously existing knowledge and technology.

If we attempt to preserve the validity of Musco's invention, as a matter of logic we must adopt this proffered "essence" of the invention. The apparatus described in the specifications, whether used individually, severally, or collectively, are not new to the art of lighting sports arenas or to similar arts, such as automobile head lamps. Similarly, as the parties have stated, the means for determining the lighting requirements for a particular sports field were developed prior to the invention claimed in Musco's patents. Thus, to be distinguishable over the prior art, the narrowest "essence" of the invention that can preserve its validity is one that locates the invention in the method of selectively utilizing the apparatus.

Unfortunately for Musco, the patent specifications do not enable one skilled in the art to practice this "invention." We can find no answer to Qualite's rhetorical question: "on what basis do I make the selection?" If the selection could be made on the basis of mental steps taught by previously existing knowledge and technology such as photometry and computer programs, as Musco suggests, the lack of enabling language in the specifications would be less troubling in part because the required experimentation would be routine. However, if the selection is made based on a well-known mental step, then there is nothing of the essence of this invention left to save it from being obvious.

The existence of mental steps in the claims or specifications of a patent do not, in and of themselves, invalidate the patent. But where, as here, the claimed subject matter — the selective

utilization process — is composed *solely* of mental steps, at the very least, some aspect of these mental steps must be nonobvious, and the specification must describe this same aspect so as to enable the skilled artisan to practice the invention. Musco argues that a description of the mental step is unnecessary because it is well known in the art and can be practiced with only routine experimentation. If this is correct, all subject matter claimed by these patents would be obvious, as suggested by the following cross-examination of Myron Gordin, a named inventor.

> Q. On what basis? What's the specific scientific basis, if any, for determining how you compose your system from your three accessories?
>
> A. There's not a scientific basis that I'm aware of.
>
> Q. How do you go about — how does one go about the selection process if the invention is selection of the components and the patent is teaching, what is there in the patent that tells us how to make the selection?
>
> A. A person experienced in lighting . . . would be able to make a reasonable estimation, you know.

If Musco is incorrect and there is something more to the invention than a well-known mental step, the specification provides no guidance for the skilled artisan to follow in order to practice the invention.

APPENDIX D — OPINION AND ORDERS OF THE UNITED STATES DISTRICT COURT, WESTERN DISTRICT OF MICHIGAN, SOUTHERN DIVISION FILED JANUARY 17, 1996

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Case No. 1:94-CV-592

HON. DAVID W. McKEAGUE

MUSCO CORPORATION; MUSCO SPORTS LIGHTING, INC.,

Plaintiffs,

v.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Defendant.

OPINION

Now before the Court are the following motions: defendant's motion for relief under Fed. R. Civ. P. 60(b)(6); defendant's renewed motion for judgment as a matter of law that the '934, '303 and '828 patents are invalid for failure to disclose the best mode; defendant's renewed motion under Rule 50(b), Fed. R. Civ. P. for judgment of 35 U.S.C. § 102(b) invalidity; defendant's motion under Rule 50(b), Fed. R. Civ. P. to set aside the jury verdict of infringement; defendant's motion for new trial; defendant's motion for stay of execution of judgment pending appeal; and defendant's motion for declaration of rights under the injunction. For the reasons discussed below, the Court denies all seven motions.

Appendix D

I. BACKGROUND

A jury trial was conducted in this patent infringement case from May 9-26, 1995. On May 26, 1995, the jury returned a verdict in favor of plaintiffs Musco Corporation and Musco Sports Lighting, Inc. ("Musco") as to infringement of U.S. Patent Nos. 4,725,934 ('934), 4,947,303 ('303) and 5,075,828 ('828), but in favor of defendant Qualite, Inc. ("Qualite") as to the alleged infringement of U.S. Patent No. 5,016,150 ('150), ultimately finding the '150 patent invalid, and setting Musco's damage award at $675,000. The Court deferred entry of judgment pending post-trial consideration of the issue of inequitable conduct and plaintiffs' motion for summary judgment on defendant's counterclaims. On October 11, 1995, the Court issued an opinion and order granting plaintiffs' motion for summary judgment as to defendant's counterclaims, awarding judgment in favor of plaintiffs on the issue of inequitable conduct and for infringement of one or more claims of the '934, '303 and '828 patents, awarding judgment in favor of defendant as to invalidity of the '150 patent, awarding damages against defendant Qualite in the amount of $765,744.70, together with post-judgment interest at the rate provided by law, and granting plaintiffs' motion for a permanent injunction.

On October 25, 1995, defendant Qualite filed six post-judgment motions. A hearing was conducted on October 27, 1995, and the Court granted a stay of any writs of execution and garnishment pending the Court's resolution of these post-judgment matters. Four weeks later, defendant filed a combined contingent motion for a stay of execution pending appeal and motion for a declaration of rights under the injunction to which the plaintiffs filed a brief in opposition. Defendant subsequently filed a motion for relief under Fed. R. Civ. P. 60(b)(6).

Appendix D

The Court has considered the voluminous pleadings and supporting documents submitted by the parties and now considers these issues ripe for decision.

II. RELIEF UNDER FED. R. CIV. P. 60(b)(6)

On December 11, 1995, the Patent and Trademark Office ("PTO") issued a decision to re-examine U.S. Patent No. 4,725,934 (" '934") because "a substantial new question of patentability" was raised by the request for re-examination. See defendant's motion for relief under Fed. R. Civ. P. 60(b)(6), ex. A. Defendant asks the Court to reconsider its decision to grant judgment in favor of Musco on the issue of inequitable conduct and to stay further proceedings and the injunction pending re-examination of Musco's '934 patent by the PTO. Defendant asserts that the PTO's decision to re-examine the '934 patent is a reason that justifies relief under Fed. R. Civ. P. 60(b)(6). Fed. R. Civ. P. 60(b)(6) provides that a court "may relieve a party . . . from a final judgment, order, or proceeding for . . . any other reason justifying relief from the operation of judgment."

Defendant places undue reliance on the PTO's finding that there is "a substantial new question of patentability." As stated in the Manual of Patent Examining Procedure,

> For "a substantial new question of patentability" to be present, it is only necessary that (1) the prior art patents and/or printed publications raise a substantial new question of patentability regarding at least one claim and (2) the same question of patentability as to the claim has not been

> decided by the Office in a previous examination or in a final holding of invalidity by the Federal Courts in a decision on the merits involving the claim. It is not necessary that a *"prima facie"* case of unpatentability exist as to the claim in order for "a substantial new question of patentability" to be present as to the claim. Thus, "a substantial new question of patentability" as to a patent claim could be present even if the examiner would not necessarily reject the claim as either fully anticipated by, or obvious in view of, the prior patents or printed publications. The difference between "a substantial new question of patentability" and a *"prima facie"* case of unpatentability is important.

Id., § 2242, ¶ 3. See defendant's motion for relief under Fed. R. Civ. P. 60(b)(6), ex. C. The inquiry raised "by a request for re-examination is solely whether a re-examination order should issue and is not directed toward resolution of validity." *In re Etter*, 756 F.2d at 857, n.5. As noted by the Federal Circuit, "re-examination may be a boon to patentees whose patents may be thereby strengthened." *Id.* at n.4. Thus, a mere decision by the PTO that "a substantial new question of patentability" exists in no way suggests that the patent will necessarily be found invalid.

Defendant claims that the PTO will accord no deference to this Court's determination of validity. In support of this assertion, defendant cites the Manual of Patent Examining Procedures, § 2242. That provision provides:

Appendix D

POLICY WHERE A FEDERAL COURT DECISION HAS BEEN ISSUED ON THE PATENT

> When the initial question as to whether the prior art raises a substantial new question of patentability as to a patent claim is under consideration, the existence of a final court decision of claim *validity* in view of the same or different prior art does not necessarily mean that no new question is present, in view of the different standards of proof employed by the district courts and the Office. Thus, while the Office may accord deference to factual findings made by the court, the determination of whether a substantial new question of patentability exists will be made independently of the court's decision on validity.

Id. This passage discusses only the effect a district court's determination of validity has on the PTO's decision of whether re-examination is required. This provision does not discuss the weight a district court's decision has in the actual re-examination, and does not provide support for defendant's assertion that the PTO will accord the Court's ruling no deference in the actual re-examination proceeding.

It is well settled that litigation in district court and re-examination of the validity of a patent by the PTO "are distinct proceedings, with distinct parties, purposes, procedures, and outcomes." *In re Etter,* 756 F.2d 852, 857 (Fed. Cir. 1985) (*en*

banc). "The Courts are the final arbiter of patent validity and, although courts may take cognizance of, and benefit from the proceedings before the patent examiner, the question [of patent validity] is ultimately for the courts to decide, without deference to the ruling of the patent examiner." *Quad Environmental Technologies Corp. v. Union Sanitary Dist.*, 946 F.2d 870, 876 (Fed. Cir. 1991).

Defendant correctly notes that some courts have withheld determination of a patent's validity when the PTO orders re-examination while the patent is in litigation. See e.g., *Ingro v. Tyco Ind.*, 227 U.S.P.Q. 69 (N.D. Ill. 1985); *Target Therapeutics, Inc. v. Scimed Life Systems Inc.*, 33 U.S.P.Q.2d 2022 (N.D. Cal. 1995). However, defendant's reliance on this caselaw is misplaced. In *Ingro*, the request for re-examination was filed the month after the lawsuit alleging infringement was filed. 227 U.S.P.Q. at 69. The court noted:

> One purpose of the reexamination procedure is to eliminate trial of [the issue of patent claim validity] (when the claim is canceled) or to facilitate trial of that issue by providing the district court with the expert view of the PTO (when a claim survives the reexamination proceeding). Early versions of what became the reexamination statute (citation omitted) expressly provided for a stay of court proceedings during reexamination (citation omitted). An express provision was deemed unnecessary, however, as explained the House report:
>
> The bill does not provide for a stay

> of court proceedings. It is believed by the committee that stay provisions are unnecessary in that such power already resides with the Court to prevent costly pre-trial maneuvering which attempts to circumvent the reexamination procedure. It is anticipated that these measures provide a useful and necessary alternative for challengers and for patent owners to test the validity of United States patents in an efficient and relatively inexpensive manner. (Original emphasis) (Citations omitted)

Id. at 69-70 (quoting *Gould v. Control Laser Corp.*, 705 F.2d 1340, 217 USPQ 985 (F. Cir. 1983)). The re-examination procedure was designed to "provide an inexpensive, expedient means of determining patent validity which, if available and practical, should be deferred to by the courts." *Id.* (quoting *Digital Magnetic Systems, Inc. v. Ansley*, 213 U.S.P.Q. 290 (W.D. Okla. 1982).

The re-examination procedure was not intended to be utilized as a means to delay or aggravate pending litigation: "[p]arties should not be permitted to abuse the process by applying for re-examination after protracted, expensive discovery and trial preparations." *Id.* (citing *Digital Magnetic Systems, Inc.*, 213 U.S.P.Q. at 290). This is precisely what defendant has done. As defendant's motion notes, Qualite filed its petition for reexamination on October 1, 1995, more than four months *after* the jury trial and ten days before the Court's

judgment order was issued.[1] Defendant's motion for relief under Fed. R. Civ. P. 60(b)(6), p.3, n.5. By the time the petition for re-examination was filed, the parties had not only engaged in protracted and expensive discovery and trial preparation, but had also tried a two and one-half week jury trial and prepared substantial briefing on post-trial motions. Defendant now seeks to utilize the PTO's decision to re-examine the '934 patent to further delay the Court's decision on these post-judgment matters. Such abuse of the reexamination process is intolerable and does not serve as grounds for relief under Fed. R. Civ. P. 60(b)(6).

Accordingly, defendant's motion for relief under Fed. R. Civ. P. 60(b)(6) is denied.

III . STANDARD FOR JUDGMENT AS A MATTER OF LAW

The standard for determining a renewed motion for judgment as a matter of law is set forth in *Morelock v. NCR Corp.*, 586 F.2d 1096 (6th Cir. 1978).[2] A renewed motion for judgment as a matter of law, like a motion for summary judgment under Fed. R. Civ. P.56, raises the issue of whether there is sufficient evidence to raise a question of fact for the jury. *Id.; Hill v. McIntyre,* 884 F.2d 271, 274 (6th Cir. 1989); *Lewis v. City of Irvine,* 899 F.2d 451, 454 (6th Cir. 1990). This initial determination is a question of law. In determining the sufficiency

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1. Defendant's brief actually states that "Qualite filed its petition on October 1, 1996." The Court assumes that defendant meant October 1, 1995.

2. On December 1, 1991, the term "renewed motion for judgment as a matter of law" replaced the term "judgment notwithstanding the verdict." Despite the change in terminology, the *Morelock* standard remains applicable.

of the evidence, the trial court may not consider the credibility of the witnesses or substitute its judgment for that of the jury. *Morelock*, 586 F.2d at 1104. Instead, the evidence must be considered in the light most favorable to the non-moving party, and the court must draw all reasonable inferences in favor of the non-moving party. *Id.; Wang Laboratories, Inc. v. Toshiba Corp.*, 993 F.2d 828 (Fed. Cir. 1993). After construing the evidence in this manner, the motion should only be granted if the court finds that the evidence weighs so strongly in favor of the movant that reasonable minds could not have reached a verdict for the non-moving party. *Morelock*, 586 F.2d at 1104-1105; *Connell v. Sears Roebuck & Co.*, 722 F.2d 1542, 1546 (Fed. Cir. 1983).

IV. MOTION FOR JUDGMENT AS A MATTER OF LAW THAT THE '934, '303 AND '828 PATENTS ARE INVALID FOR FAILURE TO DISCLOSE THE BEST MODE

In its renewed motion for judgment as a matter of law, Qualite maintains that Musco's '934, '303 and '828 patents are invalid for failure to disclose the best mode. Specifically, Qualite argues that use of certain computer programs and a goniophotometer are the best mode for carrying out steps in the three patents at issue and that the patents are invalid because this information was not disclosed. As Musco's brief correctly points out, the Court has already visited this issue three times.[3]

"Under 35 U.S.C. § 282, a patent is presumed valid and one challenging its validity bears the burden of proving invalidity by clear and convincing evidence." *Innovative Scuba*

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3. The Court ruled against Qualite as to this issue on summary judgment, on their motion for judgment as a matter of law at the close of Musco's case-in-chief and on their counterclaim for invalidity.

Concepts Inc. v. Feder Indus., Inc., 26 F.3d 1112, 1115 (Fed. Cir. 1994). Defendant alleges invalidity of plaintiffs' patents on the grounds of invalid specification of the best mode. 35 U.S.C. § 112 governs the specificity requirements. Section 112 provides:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

35 U.S.C. § 112.

Among the § 112 requirements is what is known as the "best mode" requirement. The best mode requirement ensures that an inventor's disclosure enables one skilled in the art to make and use a patented invention, and reveals "specific instrumentalities or techniques which are recognized at the time of filing as the best way of carrying out the invention." *Spectra-Physics Inc. v. Coherent, Inc.*, 827 F.2d 1524, 1532 (Fed. Cir. 1987), *cert. denied*, 484 U.S. 954 (1987). This requirement prevents an inventor from concealing the preferred embodiment of their invention *Wahl Instruments, Inc. v. Acvious, Inc.*, 950 F.2d 1575, 1579 (Fed. Cir. 1991). Compliance with the best mode requirement is a question of fact and depends upon the state of mind of the applicant. *Chemcast Corp. v. Arco Industries Corp.*, 913 F.2d 923, 928 (Fed. Cir. 1990). As such, the best

mode requirement is viewed from the standpoint of one skilled in the art. *Id.*

The best mode requirement has two elements. The first element is whether the applicant "knew of a mode of practicing his claimed invention that he considered to be better than any other" at the time the patent application was filed. *Id.* This subjective inquiry resolves the issue of whether the applicant must disclose additional facts beyond what is sufficient for enablement. *Id.* If the applicant contemplated a preferred mode, the second element considers whether "the disclosure [is] adequate to enable one skilled in the art to practice the best mode or . . . [whether] the inventor [has] 'concealed' his preferred mode from the 'public.' " *Id.* This second inquiry is objective and "depends upon the scope of the claimed invention and the level of skill in the art." *Id.*

At trial, Myron Gordin testified that one skilled in the art would understand the determining steps of the '934, '303 and '828 patents from the specifications. Both Myron Gordin and Bill Brachett testified that the computer programs that defendant contends were kept secret were widely available in the industry and commonly used. In fact, the portion of Myron Gordin's testimony that defendant relies upon to suggest that the plaintiffs violated the best mode requirement by keeping the computer programs secret actually supports the plaintiffs' contentions that the programs were widely used in the art and that the calculation of the lighting fixture aiming angles (for which the program is used) was not part of plaintiffs' invention:

> Q. Ok. Would it seem correct to you that 1980 is the acquisition date of the program Angles?

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A. That would be a reasonable assumption as any, yes.

Q. All right. And is this a correct description of the program that is used to calculate the aiming angles of fixtures from poles to fixture-aiming points?

A. I think that would be a fair description of the program, yes.

Q. And that's involved in utilizing the invention of the '934 patent?

A. That's involved in any — any time you run a point-by-point or if you wanted to, whether it was glare control or '934, or any other field you'd use something to calculate the aiming angles.

Excerpt of Jury Trial, Testimony of Myron K. Gordin, May 11, 1995, pp. 105-106 (as quoted in defendant's renewed motion for judgment as a matter of law (docket #417) at p.5, n.3).

Defendant's claim that plaintiffs have violated the best mode requirement must fail with respect to the allegation that the computer program was the best mode. Similarly, defendant's claim that plaintiffs violated the best mode by not including information about use of a goniophotometer must fail. Myron Gordin's undisputed trial testimony is that he had performed photometry with the goniophotometer since 1976 and that use of a goniophotometer is a common practice among those skilled in the art.

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Defendant claims that "it is incorrect to argue that the [best mode] requirement may be met by reference to what was known in the prior art." (Defendant's brief in support of renewed motion for judgment as a matter of law that patents are invalid for failure to disclose the best mode at 2, citing *Dana Corp. v. IPC Ltd. Partnership*, 860 F.2d 415 (Fed. Cir. 1988)). As this Court has previously opined, this broad reading of *Dana* suggested by defendant has not been endorsed by the Federal Circuit and will not be adopted by this Court. (See opinion of March 28, 1995, at p.24). In *Wahl Instruments, Inc. v. Acvious, Inc.*, 950 F.2d 1575 (Fed. Cir. 1991), the Federal Circuit reversed the district court's grant of summary judgment, stating that *Dana* had not created a mechanical rule that the best mode requirement can *never* be satisfied by what is already known in the prior art. *Id.* at 1580.

Accordingly, defendant's motion for judgment as a matter of law that the '934, '303 and '828 patents are invalid for failure to disclose the best mode is denied.

V. RENEWED MOTION FOR JUDGMENT OF 35 U.S.C. § 102(B) INVALIDITY

Defendant renews its motion for judgment as a matter of law that the '934, '303 and '828 patents are invalid under 35 U.S.C. § 102(b) claiming the patents are based upon prior art not known to or considered by the Patent Office Examiner who granted the three patents. Section 102(b) provides that "[a] person shall be entitled to a patent unless . . . the invention was in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States." "Invalidity under 35 U.S.C. § 102(b) requires the presence in a single prior art disclosure of each and every

element of a claimed invention, and is a question of fact." *Electro Medical Systems S.A. v. Cooper Life Sciences*, 34 F.3d 1048, 1052 (Fed. Cir. 1994). This use of prior art must be proved by clear and convincing evidence." *Id.*

Defendant's motion for judgment of 35 U.S.C. § 102(B) invalidity requires only brief treatment. Defendant essentially restates the same arguments the Court rejected in Qualite's initial motion for judgment as a matter of law at trial and rejected a second time in post-trial consideration of the inequitable conduct issue. The Court has made a factual finding that all material information was either disclosed to the Patent Office or cumulative of the material already before the Examiner and mere reiteration of the same arguments does not persuade the Court that it erred in this factual finding. See opinion dated October 11, at pp. 8-12.

Accordingly, defendant's motion for judgment of 35 U.S.C. § 102(B) invalidity is denied.

VI. DEFENDANT'S RENEWED MOTION TO SET ASIDE THE JURY VERDICT OF INFRINGEMENT

Defendant renews its motion to set aside the jury verdict of infringement as to the '934, '303 and '828 patents, claiming that plaintiffs did not prove infringement of the method claims. Defendant claims that there was no proof of direct infringement by Qualite of the determining steps and the selectivity between the light control options offered at trial.

Qualite's Vice President Richard Kneen admitted in his trial testimony that Qualite determined lighting characteristics, identified potential spill, glare and halo problems and

constructed an illuminating apparatus by selectively attaching accessories to reduce the problems associated with the spill, glare and halo problems. Excerpt of Jury Trial, Testimony of Richard Kneen, May 12, 1995, pp. 21-22. In addition, charts were used at trial so that Musco's expert witness James Nemmers could illustrate the corresponding claim language to Qualite's depictions of products and explanation of the methodology followed by Qualite. In his testimony, Mr. Nemmers pointed out how Qualite practiced each of the limitations of the claims. Excerpt of Jury Trial, Testimony of James Nemmers, May 12, 1995, pp.28-46; 49-72.

The Court's jury instruction cautioned the jury that in order to find infringement of the '934, '303 and '828 patents, they must find that Qualite practiced the limitations in the claims. This jury instruction was proper, and the Court finds that the jury had sufficient evidence presented to it to reach the conclusion that Qualite had infringed upon the patent claims at issue.

Accordingly, defendant's motion to set aside the verdict and judgment of infringement is denied.

VII. MOTION FOR NEW TRIAL

F.R.C.P. 59(a) is the starting point for evaluating a motion for new trial. The standard for evaluating a motion for new trial where there has been a jury trial is: "[a] new trial may be granted to all or any of the parties and on all or any part of the issues . . . for any of the reasons for which new trials have heretofore been granted in actions at law in the Courts of the United States . . ." F.R.C.P. 59 (a). Defendant has requested a new trial in this case claiming that the Court failed to provide adequate claim

interpretation; that the jury should have been provided with a more detailed verdict form; that the damage award was without basis; that the Court misstated the law in its jury instructions; and that the jury verdict was against the great weight of the evidence.

A trial court has wide discretion in its consideration of a motion for new trial and may weigh evidence and consider the credibility of witnesses in ruling on the motion. ***Moxness Products, Inc. v. Xomed, Inc.***, 891 F.2d 890, 893 (Fed. Cir. 1989). A judge may not set aside the jury verdict merely because he may have reached a different result as the trier of fact, and the "jury's verdict should be accepted if it is one which could reasonably have been reached." *Duncan v. Duncan*, 377 F.2d 49, 52 (6th Cir.), *cert. denied*, 389 U.S. 913 (1967).

A. Claim Interpretation

Defendant maintains that the Court's claim interpretation was directly contrary to the Federal Circuit's instruction regarding claim interpretation. See *Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995). A brief review of the *Markman* opinion is useful in addressing defendant's contention:

> An infringement analysis entails two steps. The first step is determining the meaning and scope of the patent claims asserted to be infringed. The second step is comparing the properly construed claims to the device accused of infringing. It is the first step, commonly known as claim construction or interpretation, that is at issue in this appeal

> . . . . The opinions of this court have contained some inconsistent statements as to whether and to what extent claim construction is a legal or factual issue, or a mixed issue.

Id. at 976 (internal citations and footnote omitted). The Federal Circuit concluded: "We therefore settle inconsistencies in our precedent and hold that in a case tried to a jury, the court has the power and obligation to construe as a matter of law the meaning of language used in the patent claim." *Id.* at 979. The court further explained: "[O]ur opinion merely holds that the part of the infringement inquiry, construing and determining the scope of the claims in a patent, is a strictly legal question for the court." *Id.* at 984. Finally, the court asserted, a "patentee's right to a jury trial on the application of the properly constructed claim to the accused device is preserved. . . ." *Id.*

This Court's reading of *Markman* indicates that a court's obligation to "construe a meaning of language used in a patent claim" does not require discussion of every single word in each claim. In the jury instructions, the Court construed the meaning of the disputed claim language and determined the scope of the claims as required by *Markman.* Defendant contends that the Court "declined" to interpret particular claims because the Court "did not have knowledge" or was "uncertain;" however, what defendant is really contending is that the Court should have instructed the jury how to undertake the determining steps used in the method patent rather than interpret what the claim means. As the Court stated in overruling defendant's objection to the jury instructions, "essentially the defendant is requesting the Court to make the best mode analysis that is left to the jury under [35 U.S.C.] § 112, and the Court respectfully declines to

do so." Excerpt of Jury Trial, Objections to Instructions, pp. 13-14. The Court again declines to do so and defendant's motion for new trial on the basis of allegedly inadequate claim interpretation must fail.

B. Verdict Form

Defendant claims that a new trial should be granted because the jury was not provided with a more detailed verdict form. A trial court has discretion to determine the form of the verdict. *Erwin v. Kech,* 351 F.2d 403, 406 (6th Cir. 1965). The Court heard argument from counsel and both parties presented a proposed verdict form. Ultimately, the Court adopted a verdict form more akin to that submitted by the plaintiffs, but the final verdict form was significantly different from that originally submitted by plaintiffs. The Court found it proper to do so, and upon reconsideration, again finds that the verdict form was proper in all respects. Defendant has not asserted that the Court abused its discretion, and the Court finds no grounds to grant a new trial on the basis of the verdict form.

C. Damage Award

Defendant asserts that the damage award was excessive because plaintiffs failed to prove any specific instances in which defendant infringed upon plaintiffs' method claims. Defendant's assertions are a virtual rehash of the arguments made in its F.R.C.P. 50(b) motion to set aside the jury verdict of infringement, which the Court found in § VI above to be without merit. As discussed above, plaintiffs presented evidence at trial that defendant practiced the claims of the patents, and plaintiffs presented evidence of the thousands of products defendant sold throughout the United States. See Excerpt of

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Jury Trial, Testimony of James Nemmers, May 12, 1995, pp.23-24; Excerpt of Jury Trial, Testimony of Richard Kneen, May 12, 1995, pp. 21-22. As the Court concluded above, the jury had an adequate basis on which to award damages.

The Court also notes that plaintiffs' burden of proving lost profits was merely one of "reasonable probability." *Paper Converting Machine Co. v. Magna-Graphics Corp.*, 745 F.2d 11, 21 (Fed. Cir. 1984); *Kaufman Co. v. Lantech, Inc.*, 926 F.2d 1136, 1141 (Fed. Cir. 1991). Any uncertainty in the precision of damage calculations should be resolved against the infringer. *Id.* Plaintiffs presented the testimony of expert witness Wayne Newkirk who testified that plaintiffs' damages were, at a minimum, $1,150,351.00. Excerpt of Jury Trial, Testimony of Wayne Newkirk, May 16, 1995, p.30. This figure was based solely upon reasonable royalties at the lowest royalty rate within the range of appropriate rates and did not include any amount for lost profits. *Id.* at pp. 29-30. Mr. Newkirk also presented testimony that plaintiffs' damages for lost profits and reasonable royalties could be as high at $4,790,212.00. *Id.* at p.28. See also Plaintiffs' Ex. No. 406. In light of the evidence presented, the jury's damage award of $675,000.00 is reasonable. Defendant's contention that the damage award was excessive is without merit and must fail.

D. Marking Statute

Defendant claims that the Court's instruction to the jury regarding the patent marking statute was a misstatement of the law. 35 U.S.C. § 287 provides that "patentees and their agents shall mark any 'patented *article*,' thereby giving notice 'to the public that the same is patented.' " *Bandag, Inc. v. Gerrald Tire Co., Inc.*, 704 F.2d 1578, 1581 (Fed. Cir. 1983) (emphasis in

in original). "In addition to the clear language of the statute, it is . . . also settled in the caselaw that the notice requirement does not apply where the patent is directed to a process or method." *Id.* (citing *Wine Ry. Appliance Co. v. Enterprise Ry. Equipment Co.*, 297 U.S. 387 (1936)). At trial, Musco asserted only method claims of the '934, '303 and '828 patents. The Court instructed the jury that no marking was required before damages could be awarded for infringement of method claims.

Even if defendant is correct in its assertion that marking was required in order to award damages for infringement of the '934, '303 and '828 patents because the patents themselves contain both method and apparatus claims, the Court's instruction as to the marking statute does not serve as a basis for a new trial. Plaintiffs presented competent testimony from a corporate officer that Musco marked the patent numbers on its products on a routine basis.[4] See Excerpt of Trial, Testimony of Joseph Crookham, May 9-10, 1995, pp.79-80 ; Excerpt of Trial, Rebuttal Testimony of Joseph Crookham, May 24, 1995, pp. 29-33. Thus, even if the marking statute were applicable to the '934, '303 and '828 patents, the plaintiffs have presented unrefuted testimony of their compliance with the statute.

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4. Defendant claims that "the only evidence at trial of marking was the testimony of Joe Crookham, to the effect that certain plates were attached to equipment, which could only have been dated in 1993." Defendant's Motion for New Trial, p.11. To the contrary, the testimony of Joseph Crookham was that Musco routinely affixed markings to its products. Plaintiffs also introduced into evidence a photocopy of a sticker of the type that Musco affixed to its products, and two sample plates containing the patent identification. See plaintiffs' exhibits 426, 426A and 426B. The mere fact these examples of markings may not have been attached to the Musco products at issue in this litigation in no way undermines the testimony of Joseph Crookham.

Accordingly, defendant's motion for new trial on the basis of the marking instruction must fail.

E. Jury Verdict Was Against The Great Weight of the Evidence

In support of the claim that the jury verdict was against the great weight of the evidence, defendant incorporates by reference, all the arguments raised in its motions for judgment as a matter of law and the arguments set forth in the motion for new trial. The Court has rejected each and every one of these arguments. Thus, none of these arguments support defendant's assertion that the jury verdict was against the great weight of the evidence.

Accordingly, defendant's motion for new trial is DENIED on all grounds.

VIII. MOTION FOR A STAY OF EXECUTION PENDING APPEAL

Rule 62(d) of the Federal Rules of Civil Procedure provides for a stay of execution of the judgment pending appeal if the appellant posts a bond for the full amount of the judgment. Here, defendant contends that it is unable to post a bond in the amount of the judgment and requests a discretionary stay without posting a bond in the full amount.

Defendant relies on an earlier brief supporting its motion for stay pending a ruling on the post-trial motions under Rule 62(b). In that brief, defendant contended that it was financially unable to post a bond in any amount. Remarkably, at the hearing only two days after defendant's motion was filed, defendant

volunteered to post a bond in the amount of $100,000.00. This was true even though counsel for defendant indicated that defendant's parent corporation had evaluated the defendant's likelihood of success and had refused to guarantee a bond.

When the Court granted defendant's motion under Rule 62(b), the Court indicated that it was permitting the stay based upon an amount less than the judgment award principally because of the short term nature of the stay pending resolution of the post-judgment motions. While the Court considered a bond in the amount of $100,000.00 and Qualite's agreement not to dispose of any assets without the Court's permission reasonable security under the circumstances presented, defendant's new motion presents substantially different circumstances. The most significant difference is that this request for a stay involves a considerably longer period of time. The Court considers the terms of the stay issued on November 1, 1995 inadequate to provide security pending the appeal of this matter.

F.R.C P. 62(d) plainly applies in this case, and the defendant has set forth no exceptional circumstances justifying the Court's deviation from requiring defendant to post a bond in the full amount of the judgment. Accordingly, defendant's motion for a discretionary stay of execution pending appeal is denied.

IX. MOTION FOR DECLARATION OF RIGHTS UNDER THE INJUNCTION

Defendant asks the Court for a declaration of rights under the injunction. Defendant's request does not present an actual dispute between adverse litigants. An actual dispute between adverse litigants is a fundamental requirement of justifiability.

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Defendant's motion essentially asks the Court to render an advisory opinion. It has been firmly established since the 18th Century that federal courts may not issue advisory opinions. *Hayburn's Case*, 2 U.S. (2 Dall.) 409 (1792); *Muskrat v. United States*, 219 U.S. 346 (1911); *Flast v. Cohen*, 392 U.S. 83, 96-97 (1968). The appropriate vehicle for determination of whether particular activities violate the injunction is a contempt proceeding.

Because defendant's motion presents no justiciable controversy, the Court DENIES defendant's motion for declaration of rights under the injunction.

An order consistent with this opinion shall issue forthwith.

Dated: January 17, 1996

s/ David W. McKeague
DAVID W. McKEAGUE
UNITED STATES DISTRICT JUDGE

Appendix D

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Case No. 1:94-CV-592

HON. DAVID W. McKEAGUE

MUSCO CORPORATION; MUSCO SPORTS LIGHTING, INC.,

Plaintiffs,

v.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Defendant.

ORDER

Upon defendant's motion under Rules 59(e) and 60, Fed. R. Civ. P., and plaintiffs' statement at the October 27, 1995 hearing that they do not object to the changes, defendant's motion to amend the judgment (docket #419) is GRANTED. The judgment order entered in the above-identified matter on October 11, 1995, is VACATED and the following order substituted in its place:

IT IS HEREBY ORDERED that plaintiffs' motion for summary judgment as to defendant's counterclaims (docket #380) is GRANTED.

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IT IS FURTHER ORDERED that JUDGMENT is AWARDED in favor of plaintiffs on the issue of inequitable conduct (docket #377) and for infringement of one or more claims of U.S. Patent Nos. 4,725,934 ('934), 4,947,303 ('303), and 5,075,828 ('828).

IT IS FURTHER ORDERED that JUDGMENT is AWARDED in favor of defendant as to the alleged infringement of U.S. Patent No. 5,016,150 ('150) because the '150 patent was found to be invalid.

IT IS FURTHER ORDERED that plaintiffs Musco Corporation and Musco Lighting, Inc. are awarded damages against defendant Qualite, Inc., d/b/a Qualite Sports Lighting, in the amount of $765,744.70, which includes $675,000 awarded by the jury and $90,744.70 in prejudgment interest, together with post-judgment interest at the rate provided by law.

IT IS FURTHER ORDERED that plaintiffs' motion for a permanent injunction against infringement by defendant Qualite is GRANTED; defendant Qualite and its officers, agents, employees, and any other person acting in concert with Qualite, are permanently enjoined and restrained from infringing upon claim 14 of U.S. Patent No. 4,725,934, claims 1-3 of U.S. Patent No. 4,947,303, and claims 1, 3, 4, 5, 11, and 13 of U.S. Patent No. 5,075,828 by practicing or using the methods or colorable variations thereof in any way, including, but not limited to, use in conjunction with fixtures sold under the designation PS-STD, PS-45, or PS-45V by Qualite, Inc., d/b/a Qualite Sports Lighting, Inc.

IT IS SO ORDERED.

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Dated: January 17, 1996

s/ David W. McKeague
DAVID W. McKEAGUE
UNITED STATES DISTRICT JUDGE

Appendix D

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Case No. 1:94-CV-592

HON. DAVID W. McKEAGUE

MUSCO CORPORATION; MUSCO SPORTS LIGHTING, INC.,

Plaintiffs,

v.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Defendant.

ORDER

For the reasons stated in the Court's opinion of even date,

IT IS HEREBY ORDERED that defendant's motion for relief under Fed. R. Civ. P. 60(b)(6) (docket #443) is DENIED.

IT IS FURTHER ORDERED that defendant's renewed motion for judgment as a matter of law that the '934, '303 and '828 patents are invalid for failure to disclose the best mode (docket #417) is DENIED.

IT IS FURTHER ORDERED that defendant's renewed

motion under Fed. R. Civ. P. 50(b) for judgment of 35 U.S.C. § 102(b) invalidity (docket #418) is DENIED.

IT IS FURTHER ORDERED that defendant's motion under Fed. R. Civ P. 50(b) to set aside the jury verdict of infringement (docket #420) is DENIED.

IT IS FURTHER ORDERED that defendant's motion for new trial (docket #421) is DENIED.

IT IS FURTHER ORDERED that defendant's combined motion for a stay of execution pending appeal and motion for a declaration of rights under the injunction (docket #433) is DENIED in both respects.

IT IS FURTHER ORDERED that the stay pending the Court's ruling on defendant's motions issued on November 1, 1995 is VACATED.

Dated: January 17, 1996

s/ David W. McKeague
DAVID W. McKEAGUE
UNITED STATES DISTRICT JUDGE

APPENDIX E — OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF MICHIGAN, SOUTHERN DIVISION FILED OCTOBER 11, 1995

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Case No. 1:94-CV-592

HON. DAVID W. McKEAGUE

MUSCO CORPORATION; MUSCO LIGHTING, INC.,

Plaintiffs,

v.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Defendant.

OPINION

Presently before the Court are plaintiffs' motion for summary judgment as to defendant's counterclaims, the issue of inequitable conduct which the parties have submitted to the Court on briefs based upon the trial record, and plaintiffs' motion for entry of judgment, including pre-judgment interest and entry of injunction.

Appendix E

I.

This case was originally filed on January 31, 1992 in the Northern District of Illinois. Musco Corporation and Musco Lighting, Inc. (collectively called "Musco") brought suit against Qualite, Inc. ("Qualite") for infringement of U.S. Patent Nos. 5,016,150 ('150), 4,725,934 ('934), 4,947,303 ('303) and 5,075,828 ('828). Qualite brought counterclaims and alleged that Musco engaged in inequitable conduct. Musco amended the complaint, adding the Shane Group ("Shane") as a defendant. Shane filed a motion to transfer venue to the Western District Of Michigan which was granted. This Court later dismissed Shane as a defendant.

There are four patents involved in this case. Three of the four patents concern a means and method for controlling light pollution problems while providing a uniform level of light intensity over athletic fields. After several abandoned attempts, Musco successfully pursued application Serial Number 91,364 and on February 16, 1988, the '934 patent was issued. Plaintiff also pursued two other patents concerning means and methods for achieving the goals mentioned in the '934 patent: the '303 patent which issued on August 7, 1990, stemming from an application originally filed on April 30, 1987, and the '828 patent which issued on December 24, 1991, stemming from an application originally filed on June 11, 1990.

The fourth patent involved in this case deals with a means and method for increasing output, sufficiency, and flexibility of the use of an arc lamp. The application was filed on October 19, 1989, and after several interviews with the Patent and Trademark Office ("PTO") examiner and subsequent amendments to the application, the '150 patent was issued on May 14, 1991.

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A jury trial was conducted from May 9-26, 1995 on the issues of infringement of Musco's '150, '934, '303 and '828 patents. Prior to the trial, the issues of inequitable conduct and those implicated by defendant's counterclaims were reserved for post-trial disposition. On May 26, 1995, the jury returned a verdict in favor of plaintiff Musco as to infringement of the '934, '303 and '828 patents, but in favor of defendant Qualite as to the '150 patent, ultimately finding the '150 patent invalid, and setting Musco's damage award at $675,000. The Court deferred entry of judgment pending resolution of plaintiff's motion for summary judgment on defendant's counterclaims and the issues of inequitable conduct.

A hearing was conducted on July 5, 1995, at which time the parties set forth arguments on plaintiffs' motion for summary judgment as to defendant's counterclaims, the issue of inequitable conduct and plaintiffs' motion for entry of judgment including pre-judgment interest and entry of injunction. The Court has considered the parties' briefs and arguments on each of these issues and now considers these matters ripe for determination.

II. DEFENDANT'S COUNTERCLAIMS

A. Summary Judgment Standard

On December 12, 1994, this Court issued an order directing that Qualite's anti-trust, interference with contractual relationships, and unfair competiton counterclaims were to be bifurcated and addressed after resolution of the patent infringement claims. Resolution of the infringement claims is complete, and the Court now addresses plaintiffs' motion for summary judgment as to defendant's counterclaims.

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Summary judgment is appropriate when the record reveals that there are no issues relating to any material fact in dispute and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986); *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The standard for determining whether summary judgment is appropriate is "whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one party must prevail as a matter of law." *Liberty Lobby*, 477 U.S. at 251-52.

The summary judgment standard provides that an otherwise properly supported motion for summary judgment will not be defeated by the mere existence of an alleged factual dispute; instead the standard requires that there is no genuine issue of material fact. *Id.*, at 247-48. Materiality will be determined by the substantive law. *Id.* "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." *Id.* An issue of material fact is genuine only "if the evidence is such that a reasonable jury could return a verdict for the non-moving party." *Id.* The non-moving party "must do more than simply show that there is some metaphysical doubt as to the material facts." *Matsushita Elec. Ind. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986).

The Court must consider all pleadings, depositions, affidavits, and admissions on file, and draw all justifiable inferences in favor of the party opposing the motion. *Id.*, at 587. However, the moving party is not required to expressly negate the opponent's claim. *Celotex*, 477 U.S. at 323. The movant satisfies its initial burden merely "by pointing out to the court that the respondent, having had sufficient opportunity

for discovery, has no evidence to support an essential element of his or her case." *Street v. J.C. Bradford Co.*, 886 F.2d 1472, 1479 (6th Cir. 1989).

Once the movant makes a sufficient showing of an absence of evidence to support the non-moving party's case, the non-moving party then assumes the burden of coming forward with evidence demonstrating a genuine issue of material fact. *Celotex*, 477 U.S. at 324-25. The non-moving party must set forth specific facts showing that a genuine issue remains. Fed. R. Civ. P. 56(e). "The mere existence of a scintilla of evidence in support of the [non-moving party's] position will be insufficient." *Liberty Lobby*, 477 U.S. at 252. The non-moving party "must present affirmative evidence in order to defeat a properly supported motion for summary judgment." *Barnhart v. Pickral, Schaeffer & Ebeling Co.*, 12 F.3d 1382, 1389 (6th Cir. 1993).

B. Anti-trust Counterclaims — Applicable Law

The Supreme Court set forth the standards applicable to an antitrust counterclaim in a patent infringement action in *Professional Real Estate Investors, Inc. v. Columbia Pictures Industries, Inc.*, 113 S. Ct. 1920 (1993). Those who petition a court for redress are generally immune from antitrust liability under the *Noerr-Pennington* doctrine, but immunity is withheld when the institution of court proceedings is a sham — having an unstated and underlying intention to directly interfere with a competitor's business. *Id.*, at 1923 (citing *Eastern R. Presidents Conference v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 144 (1961)). Thus, to prevail upon their anti-trust counterclaim, Qualite must show that Musco's patent infringement suit is a sham in the sense that no reasonable person could expect to

succeed on the merits. See *Professional Real Estate,* 113 S. Ct. at 1928; *Harris Custom Bldrs., Inc. v. Hoffmeyer,* 834 F. Supp. 256, 261 (N.D. Ill. 1993).

In *Professional Real Estate,* the Supreme Court noted that "[a] winning lawsuit is by definition a reasonable effort at petitioning for redress and therefore not a sham." *Professional Real Estate,* 113 S.Ct. at 1928, n. 5 (citing *Christiansburg Garment Co. v. EEOC,* 434 U.S. 412, 421-22 (1978)). Musco prevailed upon its claim that the '934, '303, and '828 patents were infringed upon; therefore, Qualite's anti-trust counterclaim in regard to those patents is completely without merit.

The Supreme Court also cautioned against concluding that an unsuccessful patent infringement action "must have been unreasonable or without foundation." *Professional Real Estate,* 113 S. Ct. at 1928. The Supreme Court further explicated the substantive requirement of this objective inquiry: "Probable cause to institute civil proceedings requires no more than a 'reasonabl[e] belie[f] that there is a chance that [a] claim may be held valid upon adjudication.' " *Id.,* at 1929 (internal citations omitted).[1] "An action that is well enough grounded, factually and legally, to survive a motion for summary judgment is sufficiently meritorious to lead a reasonable litigant to conclude that they had some chance of success on the merits." *Harris Custom Bldrs., Inc. v. Hoffmeyer,* 834 F. Supp. 256, 261-62 (N.D. Ill. 1993) (applying the *Professional Real Estate* standards).

While Musco's '150 patent was held invalid by the jury, Musco's infringement claim as to the '150 patent survived a

1. The Supreme Court also explained that "evidence of anti-competitive intent cannot affect the objective prong of Noerr's sham exception." *Professional Real Estate,* 113 S. Ct. at 1929.

motion for summary judgment before this Court. As the Court stated in its March 28, 1995 order, Musco presented sufficient evidence to raise a genuine issue of material fact. Since Musco's claim survived the summary judgment motion by alleging sufficient evidence to form a reasonable basis of success on their claim, Musco's infringement action predicated upon the '150 patent is more than a mere sham, and Qualite's anti-trust counterclaim as to the '150 patent is without merit.

C. Unfair Competition and Tortious Interference

Qualite's unfair competition and tortious interference counterclaims are predicated upon the same foundation as the antitrust counterclaim and require only brief treatment. Qualite alleges that Musco has unfairly competed with Qualite by filing suit for patent infringement without an adequate basis in the law. The Court found *Noerr-Pennington* immunity was applicable in this case in § II B because Musco had an adequate basis in law for filing its infringement suit.

The *Noerr-Pennington* doctrine is not limited in its application to anti-trust claims under the Sherman Act. *ARIM v. General Motors Corp.*, 206 Mich. App. 178, 190 (1994), *appeal denied*, 530 N.W.2d 750 (Mich. 1995) (citing *American Transmissions, Inc. v. General Motors Corp.*, 935 F.2d 269 (6th Cir. 1991), *cert. denied*, 112 S. Ct. 308 (1991)). The doctrine extends to the state law claims for unfair competition and tortious interference stated in defendant's counterclaims. See *Carroll Touch Inc. v. Electro Mechanical Systems Inc.*, 15 F.3d 1573, 1582, n.9 (Fed. Cir. 1993) *(Noerr-Pennington* found applicable to state unfair competition and abuse of process claims); *Video Int'l Productions, Inc. v. Warner-Amex Cable Communications, Inc.*, 858 F.2d 1075, 1084 (5th Cir. 1988),

cert. denied sub nom., *City of Dallas v. Video Int'l Productions. Inc.*, 490 U.S. 1047, *cert. denied, Video Int'l Productions, Inc. v. Warner-Amex Cable Communications, Inc.*, 491 U.S. 906 (1989) *(Noerr-Pennington* applicable to § 1983 and common law tortious interference with contractual relations). Because Musco's infringement action alleged sufficient evidence to form a reasonable basis of success on their claim, the Court finds Musco's claim was more than a mere sham and *Noerr-Pennington* immunity is applicable.

Accordingly, plaintiff's motion for summary judgment on defendant's counterclaims is granted.

III. INEQUITABLE CONDUCT

The issue of inequitable conduct was reserved for post-trial disposition, and the parties have agreed that the Court's decision should be based upon the trial record and their post-trial briefs. The relevant standard of the inequitable conduct issue requires determination of whether threshold levels of materiality and intent to mislead have been satisfied. *Halliburton Co. v Schlumberger Technology Corp.*, 925 F.2d 1435, 1439 (Fed. Cir. 1991). "These initial determinations are questions of fact." *Id.* After satisfaction of the thresholds, a court must balance materiality and intent. *Id.*

Information is material if there is "substantial likelihood that a reasonable [patent] examiner would consider it important in deciding whether to allow the application to issue as a patent." 37 C.F.R. § 1.56 (1989). A patentee does not have an obligation to disclose otherwise material information if the information is cumulative or less material than that which is already before the patent examiner. *Halliburton*, 925 F.2d at 1440. Therefore, if the information Musco provided to the PTO Examiner more

closely relates to the patent applications than the uncited art does, Musco did not engage in inequitable conduct. The non-disclosed art that is alleged to support a finding of inequitable conduct is Musco's project at Boulder, Colorado in 1979.[2]

In 1979, Musco was involved in a project concerning a softball complex near apartment buildings in Boulder, Colorado. The softball field could not operate at night because the field lights' brightness resulted in substantial light shining into the apartments. Musco added visors to the existing light fixtures, but the addition of the visors still allowed unacceptable amounts of light into the apartments. Musco then painted part of the reflectors black, causing absorption of more light. This procedure blocked the light from the apartments but substantially compromised the amount of light on the field.

Defendant Qualite argues that the art employed by Musco at Boulder teaches the same means and method for controlling

---

2. Qualite also based its allegation of inequitable conduct on the 1979 and 1981 Musco Product Guides and the existence of the three determining steps more than one year before the patent applications were filed. Defendant's argument concerning the three determining steps is incongruous. It has been undisputed from the start of this case that the three determining steps existed prior to Musco's patent applications and that the claim of patentability was always based on the "fact" that Myron Gordin, on behalf of Musco, was the first to combine them.

Both the 1979 and 1981 Musco product guides advertised sports cluster lighting and offered visors and glare shields as optional attachments. The sports lighting cluster provided no description of the spill, glare or halo problem addressed by Musco's patent. The product guides speak only to the options already known by the PTO Examiner and the record indicates that Musco explained to the Examiner that both the visor and glare shield were prior art. Accordingly, the Court finds that the product guides were not undisclosed prior art.

the spill, glare and halo problems as the '934, '303 and '828 patents. These patents speak of a method that utilizes any combination of a glare shield, visor, and alteration of the reflective surface. If Qualite is correct that Musco used a lighting complex which allowed for the selection between the three light control options more than one year prior to the patent applications, the Boulder project constitutes material prior art.

Musco plainly admits that a visor was used at the Boulder Project. Musco also painted the reflective surface black to absorb light. Defendant Qualite argues that this constitutes "altering the reflective surface" of the reflector. While Qualite's argument has some superficial logic, the trial testimony of James Nemmers, effectively refutes Qualite's argument. Mr. Nemmers testified that application of the black paint may have altered the reflective *property* of the reflective surface but was not an "alteration of the reflective surface itself." The testimony at trial and a review of the patent applications themselves indicate that alteraton of the reflective surface, in the context of the '934, '303 and '828 patents, means changing the texture of the reflective surface. Painting the surface black does not alter the texturing of the reflective surface; it eliminates the reflective capacity which does not produce efficient wide scale lighting. Thus, the lighting at the Boulder complex did not utilize selection between the three light control options. Based upon the facts presented at trial, the Court concludes that the art employed at Boulder did not practice the same invention later patented by Musco and is not material prior art.

In addition, the art utilized at Boulder in 1979 is substantially the same as the art already disclosed to the Examiner. The record clearly indicates that Musco repeatedly made the Examiner aware of the fact that visors, reflective inserts and glare shields were existing art and that the patent application

was for the *selectivity* between these options. Disclosure of the art utilized at Boulder was unnecessary because the information is merely cumulative of other material already before the Examiner. Accordingly, Musco's non-disclosure of the Boulder Project is not sufficient to meet the threshold showing of materiality.

Qualite alleges that the information withheld from the Examiner was so material that intent to mislead can be readily inferred. In *Halliburton*, the Federal Circuit Court of Appeals explicitly indicated that an intent to deceive cannot be presumed from the materiality of the undisclosed information. *Halliburton*, 925 F.2d at 1442. Qualite's argument misinterprets the applicable law which requires satisfaction of the requisite threshold levels of materiality and intent to mislead before the balancing of the two is taken into effect. Qualite has not met its burden of establishing the requisite threshold of materiality and fails to establish a threshold of intent to mislead because defendant never alleges Musco had any intent to mislead the Examiner. Because the Court finds that Qualite has not established threshold showings of materiality and intent to mislead, the Court does not reach *Halliburton's* balancing test.

Accordingly, the Court awards judgment in favor of plaintiff on the issue of inequitable conduct.

IV. ENTRY OF JUDGMENT

Since disposition of the post-trial issue of inequitable conduct in defendant's favor would have resulted in judgment for defendant[3], the Court deferred entry of judgment pending

3. A finding of inequitable conduct does not necessarily result in the invalidity of a patent, but does result in its unenforcibility. See *Merck & Co. v. Danbury Pharmacal, Inc.*, 873 F.2d 1418 (Fed. Cir. 1989).

resolution of that matter. The Court has resolved that issue in plaintiffs' favor, and now considers the issue of entry of judgment.

The jury returned its verdict on May 26, 1995, after deliberating on the evidence and the law, finding that Qualite infringed one or more of the claims of the '934, '303 and '828 patents, that Qualite did not infringe on the '150 patent, that the '150 patent was invalid and assessing damages in the amount of $675,000. The Court, having received the verdict in open Court and inspected same, finds that the verdict fairly and accurately reflects the considered judgment of the jury. Accordingly, the Court now awards judgment in favor of plaintiff Musco in the amount of the jury award, plus interest as discussed below, and judgment in favor of defendant as to the invalidity of the '150 patent.

A. Prejudgment Interest

"Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court." 35 U.S.C. § 284. The Supreme Court does not interpret § 284 as requiring an award of prejudgment interest whenever infringement in found, and instead "leaves the court some discretion in awarding prejudgment interest." *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 656-57 (1983). "[T]he underlying purpose of [§ 284] strongly suggests that prejudgment interest should ordinarily be awarded where necessary to afford the plaintiff full compensation for the infringement." *Id.*, at 654. The Supreme Court noted that in crafting the present statute "Congress sought to insure that the

patent owner would in fact receive full compensation for 'any damages' he suffered as a result of the infringement." *Id.* In the typical case an award of prejudgment interest is necessary to insure that the patent owner is placed in as good a position as he would have been in had the infringer entered into a reasonable royalty agreement. *Id.* at 654-56.

The rate of prejudgment interest is indisputably left to the discretion of the Court. Inasmuch as the parties have reached an agreement with regard to prejudgment interest, this Court, having reviewed the agreement, elects to adopt the parties' agreement. Accordingly, prejudgment interest is to be calculated according to "Model No. 1" as generated by defendant's damages expert, Jeffrey L. Hauswirth. The method for calculating interest will be based upon the average annual three-month T-Bill rate, compounded quarterly. A copy of the calculation model is attached as Appendix "A" (consisting of three pages) and incorporated by reference. According to the calculations, the amount of pre-judgment interest amounts to $90,744.70.

B. Post-Judgment Interest

The parties agree that 28 U.S.C. § 1961 controls the amount of post judgment interest to be awarded. 28 U.S.C. § 1961 provides:

> Such interest shall be calculated from the date of the entry of the judgment, at a rate equal to the coupon issue yield equivalent (as determined by the Sec. of Treasury) on the average accepted auction price for the last auction of fifty-two week U.S. Treasury Bills settled immediately prior to the date of judgment.

The statute further provides that interest should be computed daily up until the date of payment and compounded annually. *Id.*, at § 1961(b). The Court is in accord with the parties' agreement and will award post judgment interest as set forth in this applicable statutory provision.

C. Costs

As a related matter, the Court now considers the issue of whether costs should be awarded. Although the plaintiff prevailed on the issue of infringement of the '934, '303 and '828 patents, the jury rendered a verdict in favor of the defendant as to infringement on the '150 patent and found the '150 patent invalid. Inasmuch as both parties are prevailing parties in this lawsuit, the Court will not award costs in this matter.

V. ENTRY OF INJUNCTION

Upon a finding of infringement in patent cases, a presumption in favor of granting an injunction exists: "It is the general rule that an injunction will issue when infringement has been adjudged, absent a sound reason for denying it." *Richardson v. Suzuki Motor Co., Ltd.*, 868 F.2d 1226, 1247 (Fed. Cir. 1989). The relevant statutory provision states that courts "may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable." 35 U.S.C. § 283.

Based upon the jury's liability verdict, Defendant Qualite, and its officers, agents, employees and any other person acting in concert with Qualite, are permanently enjoined and restrained during the life of the '934, '303 and '828 patents from infringing upon any claims of those patents by practicing or using the

methods or colorable variations thereof in any way, including but not limited to use in conjunction with fixtures sold under the designation PS-STD, PS-45, or PS-45V by Qualite, Inc. d/b/a Qualite Sports Lighting, Inc.

An order in accordance with this opinion shall issue forthwith.

Dated: October 11, 1995

s/ David W. McKeague
DAVID W. McKEAGUE
UNITED STATES DISTRICT JUDGE

Appendix E

APPENDIX A

THREE-PAGE CALCULATION MODEL

[Omitted here but submitted separately as Lodging Appendix.]

Appendix E

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

CASE NO. 1:94-CV-592

HON. DAVID W. McKEAGUE

MUSCO CORPORATION; MUSCO SPORTS LIGHTING, INC.

Plaintiffs,

v.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Defendant.

JUDGMENT ORDER

In accordance with the Court's opinion of even date,

IT IS HEREBY ORDERED that plaintiff's motion for summary judgment as to defendant's counterclaims (docket #380) is **GRANTED.**

IT IS FURTHER ORDERED that **JUDGMENT** is **AWARDED** in favor of plaintiffs on the issue of inequitable conduct (docket #377) and for infringement of one or more claims of U.S. Patent Nos. 4,725,934 ('934), 4,947,303 ('303) and 5,075,828 ('828).

IT IS FURTHER ORDERED that **JUDGMENT** is **AWARDED** in favor of defendant as to the invalidity of U.S. Patent No. 5,016,150.

Appendix E

IT IS FURTHER ORDERED that plaintiffs Musco Corporation and Musco Lighting, Inc. are awarded damages against defendant Qualite, Inc., d/b/a Qualite Sports Lighting, Inc., in the amount of $765,744.70, which includes $675,000 awarded by the jury and $90,744.70 in pre-judgment interest, together with post-judgment interest at the rate provided by law.

IT IS FURTHER ORDERED that plaintiff's motion for a permanent injunction (docket #378) is hereby **GRANTED.**

Dated: October 11, 1995

s/ David W. McKeague
DAVID W. McKEAGUE
UNITED STATES DISTRICT JUDGE

APPENDIX F — TRIAL COURT VERDICT FORM FILED MAY 26, 1995

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

CASE NO. 1:94-CV-592

HON. DAVID W. McKEAGUE

MUSCO CORPORATION; MUSCO SPORTS LIGHTING, INC.

Plaintiffs,

v.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Defendant.

VERDICT FORM

We, the jury, make the following answers to the questions submitted by the Court:

I. INFRINGEMENT ISSUES

Infringement '934, '303, and '828

1. Has Musco proven that Qualite infringed one or more of the claims of the '934, '303, and '838 patents? (Check yes or no below).

X Yes __ No

If the answer to question 1 is yes, proceed to question 2. If the answer to question 1 is no, proceed to question 3.

Willful Infringement '934, '303, and '828

Appendix F

2. Has Musco proven that Qualite's infringement of one or more of the claims of the '934, '303, and '828 patents was willful, that is, done deliberately without a good faith belief that its activities would not constitute infringement of a valid patent? (Check yes or no below).

__ Yes X No

Proceed to question 3.

Infringement '150

3. Has Musco proven that Qualite infringed one or more of the claims of the '150 patent? (Check yes or no below).

__ Yes X No

If the answer to question 3 is yes, proceed to question 4. If the answer to question 3 is no, proceed to question 5.

Willful Infringement '150

4. Has Musco proven that Qualite's infringement of one or more of the claims of the '150 patent was willful, that is, done deliberately without a good faith belief that its activities would not constitute infringement of a valid patent? (Check yes or no below).

__ Yes __ No

Proceed to question 5.

Appendix F

II. VALIDITY ISSUES

5. Has Qualite overcome the presumption of validity and proven that all of the claims of the '934, '303, and '828 patents are invalid? (Check yes or no below).

__ Yes X No

Proceed to question 6.

6. Has Qualite overcome the presumption of validity and proven that the claims of the '150 patent are invalid? (Check yes or no below).

X Yes __ No

If the answers to questions 5 and 6 are yes, stop and answer no further questions. If the answer to either question 5 or question 6 is no, proceed to question 7.

III. DAMAGE ISSUES

7. State the total dollar amount you believe Musco should recover from Qualite for all of Qualite's infringement of the Musco patent(s).

$675,000.00

Dated: May 26, 1995

s/ Gordon T. Vanderwier
Foreperson

APPENDIX G — COPY OF U.S. PATENT 4,725,934 (NINE PAGES)

[Omitted Here But Submitted Separately As Lodging Appendix]

Supreme Court, U.S.
FILED
JUN 27 1997
CLERK

No. 96-1889

In The

Supreme Court of the United States

October Term, 1996

MUSCO CORPORATION and MUSCO SPORTS LIGHTING, INC.,

Petitioners,

vs.

QUALITE, INC. d/b/a QUALITE SPORTS LIGHTING, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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RESTATEMENT OF THE QUESTION PRESENTED

Petitioner's statement of the questions presented is an attempt to manufacture an issue of importance to all patent holders and a conflict between the Federal Circuit and the Supreme Court where neither exists.

Restated, the question presented is nothing more than whether the Federal Circuit properly found the patents in suit invalid for lack of enabling disclosure under 35 U.S.C. § 112 where the patent holder's own witnesses admitted all of the underlying facts.

RULE 29.6 STATEMENT

Qualite, Inc. is a wholly owned subsidiary of The Shane Group, both Michigan corporations.

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Statutes Cited:

35 U.S.C. § 103 ..... 1, 4

35 U.S.C. § 112 ..... i, 2, 3, 4, 9, 10

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United States Constitution Cited:

Article I, § 8 ..... 1, 9

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

U.S. Const. art. I, § 8:

The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

35 U.S.C. § 103:

Conditions for patentability: non-obvious subject matter

(a) a patent may not be obtained though the invention is not identically disclosed or described as set forth in § 102 of the title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

STATEMENT OF THE CASE

Petitioner's Statement of the Case requires supplementation to the following extent.

The patents at issue purport to protect a method of lighting athletic fields. Each patent contains the admission that the

lighting fixtures with which the method is practiced are, in themselves, "conventional." Pet. App. G, col. 1, line 15. Moreover, the history of examination in the Patent Office revealed that each of the accessories designed for glare control purposes was broadly known in the lighting art long before Musco's alleged invention. J.A. 2240, 2251.

Against this background, Musco presented in its infringement case the testimony of witnesses who said that the invention was one of "selectively utilizing" one or more of the accessories to solve various and different types of glare problems. J.A. 4136, 5409-10; Testimony of Myron Gordin, 5/11/95 Tr. 102-3; Rebuttal testimony of James Nemmers, 5/24/95 Tr. 47.

The Federal Circuit found that the patent specifications contained no instruction as to *how* to carry out the selection step. Fed. Cir. Op., Pet. App. C at 9a. Because of the absence of such information, the Federal Circuit found the specifications non-enabling and the patents invalid under 35 U.S.C. § 112. Moreover, the Federal Circuit found that the omission of the critical disclosure from the patent was admitted by Musco's own witness. Pet. App. C at 10a.

Although Musco claims that the Federal Circuit's conclusion was drawn from "but one short, isolated piece of trial testimony" (Petition at 18), the trial record comprehensively supports it as hereinafter shown. The trial record also shows how Musco tried to counter the damaging effect of the trial testimony by arguing that the omission of an enabling disclosure at the exact point of asserted invention was of no moment because persons of ordinary skill in the art already knew how to perform the selection step. J.A. 4213-14, 4456-57.

It is this paradox that came under examination before the Federal Circuit and was resolved not by a *de novo* overhaul of the facts, but by application of logic and sound legal principle; it was the *admissions of Musco's own witnesses* that compelled a finding that the patents were non-enabling, a matter of which the Federal Circuit has long treated as a purely legal one; *Raytheon Co. v. Roper Corp.*, 724 F.2d 951, 220 U.S.P.Q. 592 (Fed. Cir. 1983). The Federal Circuit's opinion does not represent an invasion of the jury's fact-finding province or a risk to patent holders as Musco wants this court to believe. On the other hand, it does tell patent holders and applicants that a disclosure which is found lacking at the exact point of asserted invention will not later be excused on the basis of an argument that it was already known to others in the relevant art.

REASONS FOR DENYING THE WRIT

I.

MUSCO'S TRIAL ADMISSIONS LED TO THE LEGAL CONCLUSION THAT THE PATENTS WERE INVALID.

Musco submits that the Federal Circuit ignored this Court's instructions in *Markman v. Westview Instruments, Inc.*, 116 S. Ct. 1384, 1389 (1996), invaded the province of the jury and ignored its own precedent by reviewing *de novo* the jury's implicit finding that the patent specification was enabling as required by 35 U.S.C. § 112. Musco argues that enablement, although admittedly an issue of law, may have underlying fact components which, once submitted to the jury, are reviewable only if unsupported by substantial evidence.

In truth, Musco and its trial witnesses *admitted* that the patent specifications omitted a teaching as to how to practice the very essence of the invention; *i.e.*, how to carry out the step of "selectively utilizing" the accessories to solve various and

different glare problems. Against these admissions, Musco argued paradoxically that the omission was unimportant because persons skilled in the art already knew how to do it.

The Federal Circuit quickly recognized the inconsistency of Musco's logic:

> However, if the selection is made based on a well-known mental step, then there is nothing of the essence of this invention left to save it from being obvious.

(Pet. App. C. at 9a).

This statement and the two paragraphs of the Federal Circuit's Opinion which follow it suggest that the Federal Circuit was tempted to find the patents invalid under 35 U.S.C. § 103 which forbids patents on "obvious" subject matter. The Federal Circuit chose instead to find that Musco simply failed to disclose whatever invention it may have made and, therefore, failed as *a matter of law* to satisfy 35 U.S.C. § 112.

II.

MUSCO IDENTIFIED THE STEP OF "SELECTIVELY UTILIZING" AS THE ESSENCE OF THE METHOD INVENTION.

The step of "selectively utilizing" the glare control accessories is critical to Musco's invention and appears in the method claims. That the step of "selectively utilizing" the glare control accessories was the essence of the patented invention was admitted in the trial testimony of the inventor Myron Gordin (an officer of Musco) as well as Musco's patent expert James Nemmers.

Q. Do you regard those determining steps in and of themselves as your invention?

A. No. My invention is the *selective use* of these three components to control those lighting problems. (emphasis added)

Testimony of Myron Gordin, J.A. 4136

* * *

Q. Did you say on direct examination that none of the determining steps constituted your invention?

A. No, I think what I said was that my--in my view is the — I mean the *essence of my invention* is basically the three elements, the visor or the glare shield, lamp shield and the altered surface. You know, selecting or more of those three items to use to control the three, the three spill — the three light problems that are mentioned, one of glare, halo or spill light, the determining steps are something that you have to go through, and frankly you have to go through those whether you have spill light or not. The principal difference between that and any field would be that you have to then address the spill and glare problems that are there. (emphasis added)

Testimony of Myron Gordin, 5/11/95 Tr. 102-3

* * *

Q. Now, at any time from that first response through the rest of the prosecution did that consistent theme, so to speak, ever change?

A. No, it did not. The selectivity was always argued as the distinguishing feature, you might say, of this method claim.

Rebuttal Testimony of Musco expert James Nemmers, 5/24/95 Tr. 47.

* * *

Q. You seem to emphasize the selectivity as the component of invention here that — and when you look at the prior art in 206 you would agree with me, would you not, that the examiner found all of the devices, found reflector inserts, lamp shields and visors all on lights.

A. Yes, that's correct.

Q. So none of the pieces, the hardware pieces, is new. Mr. Gordin didn't invent any of those. And the determining steps individually were all known in the art, apparently practiced by Musco, but the thing that fits all this together is —

MR. SEASE: Your Honor, I object to the parenthetical comments of counsel as he moves through his questions.

THE COURT: Restate your question, Mr. Young.

Q. If the hardware components are not inventive and the determining steps are not inventive, is it your opinion that it's the selectivity that brings all this together and makes it an invention?

A. Brings it all together, but this claim, as I've testified to before, is a method claim that has these various steps recited in it. Individually those steps or some of the components that formed the basis for those steps may be known to people skilled in the art. Practically every invention that I've ever filed a patent application and gotten a patent issued falls in that category. It's a combination of known components or known steps put together in a particular way to achieve a particular result.

Testimony of James Nemmers, J.A. 5409-10.

III.

MUSCO'S WITNESSES ADMITTED THAT THE CRITERIA FOR THE SELECTION STEP WAS NOT DISCLOSED.

Having advanced the step of "selectively utilizing" the glare control accessories as the essence of the invention, Musco's witnesses then admitted that the patent specification contained no disclosure of how to carry out the step, *but argued paradoxically that no disclosure was needed!*

Q. Are you saying that the selection criteria are not disclosed in the patent?

A. Well, not in great detail. We don't have all the, you know, tables and that kind of thing that I'm sure are available to people skilled in the art. I don't think they have to be in there.

Q. Ok. You don't believe that omitting a disclosure of how to carry out a step actually set forth in a method claim violates the enablement requirement of Section 112?

A. If it's within the skill, if a person skilled in the art can practice that step, it doesn't have to be set out in detail.

Testimony of James Nemmers, 5/12/95 Tr. 88-89.

* * *

Q. On what basis? What's the specific scientific basis, if any, for determining how you compose your system from your three accessories?

A. There's not a scientific basis that I'm aware of.

Q. How do you go about — how does one go about the selection process if the invention is selection of the components and the patent is teaching, what is there in the patent that tells us how to make the selection?

> A. A person experienced in lighting that knew what their product did would understand what Angles would be concerned about with the light coming out of that system, would be able to make a reasonable estimation you know . . .
>
> Testimony of inventor Myron Gordin. J.A. 4213-14.

Faced with the prospect of trial testimony from the inventor and a "friendly" expert witness that the patents were devoid of critical disclosures, Musco chose to brazen it through with the extraordinary legal argument that no disclosure was needed because persons of ordinary skill already knew how to practice the step of "selectively utilizing" the glare control accessories. While this bewilderingly self-contradictory approach was successful at trial, it failed at the appellate level.

Musco's argument against the need for enabling disclosure at the exact point of alleged invention was a pragmatic one designed to solve the Section 112 problem. However, it created a bigger problem by driving a stake through the heart of the patent grant; *i.e.*, unless the grant of a patent promotes the progress of science and the useful arts through the enabling disclosure of non-obvious subject matter, it fails to fulfill the Constitutional mandate of Article 1, Section 8.

The Federal Circuit did not ignore this Court's instruction in *Markman*, did not ignore its own precedents, and in no way invaded the province of the jury. Indeed, the Federal Circuit reached the only logical conclusion which was available in the light of the admitted facts.

IV.

THE DECISION OF THE FEDERAL CIRCUIT WAS CONSISTENT WITH ITS OWN PRIOR DECISIONS.

Section 112 of the Patent Code is arguably its cornerstone provision; *i.e.*, it is fundamental that the full and complete disclosure of an invention and the manner and mode of making and using it are the *quid pro quo* for the patent grant. Act of April 10, 1790, ch. 7 § 2, 1 Stat. 109, *In re Wright*, 999 F.2d 1557 (Fed. Cir. 1993); *Amgen, Inc. v. Chugai Pharm. Co.*, 927 F.2d 1200 (Fed. Cir. 1991). ". . . what is necessary is that he provide a disclosure sufficient to enable one skilled in the art to carry out the invention commensurate with the scope of his claims." *Amgen* at 1212. While the patent specification need not typically disclose to the point of minutia those elements which are incidental to the practice of the invention, it is a matter of common sense that the patent disclosure must fully instruct the skilled artisan at the exact point of alleged invention. It is an absurdity and a contradiction of the fundamental concept of patent law to suggest that the step which constitutes the essence of the invention and the alleged advance over the prior art can be omitted from the disclosure because it is already known to others.

While it is hardly a surprise that the exact circumstances of this case have not reached the Court of Appeals dozens of times, there are adequate precedents from which it is unmistakably clear that the exact invention purported to be protected by the patent must be expressly disclosed. In *Lockwood v. American Airlines*, 107 F.3d 1565 (Fed. Cir. 1997), the Federal Circuit found that deficiencies in a patent specification cannot be rectified by showing that the missing information would have been obvious or known to persons of ordinary skill in the art.

> It is the disclosures of the applications that count. Entitlement to a filing date does not extend to subject matter which is not disclosed but would be obvious over what is expressly disclosed. It extends only to what is disclosed. While the meaning of terms, phrases or diagrams in a disclosure is to be explained or interpreted from the vantage point of one skilled in the art, all of the limitations (of a claim) must appear in the specification.

Lockwood at 1571-72.

The Court may note that the *Lockwood* decision is consistent with *Markman* in recognizing that the specification and claims of a patent perform different functions; *i.e.*, while the claims of the patents concisely set forth the protected subject matter, it is the specification which provides the enabling disclosure for practice of the invention by others and the interpretive basis for the claims should litigation ensue.

CONCLUSION

The decision of the Federal Circuit does not pose the broad risk to patent holders that Musco attempts to portray. The Federal Circuit's opinion correctly recognizes that *some* enablement questions may have underlying fact issues and that deference to the jury's resolution of those issues is due.

On the other hand, the decision of the Federal Circuit is a clear warning that omissions in a patent disclosure at the exact point of alleged invention will not be excused on argument that the missing information was already known to persons of ordinary skill in the art.

Musco's Petition should be denied.

Respectfully submitted,

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